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Ferry Doors Were Probably Open



Survivors of the ferry disaster, wearing donated garments in place of their ruined clothes, arriving Sunday at a mortuary in Zeebrugge, Belgium, to identify bodies of victims.

A Sloshing Scramble to Survive The Rescued Recall the Melee After the Sea Rushed In

By Francis X. Clines New York Times Service BRUGES, Belgium — In the af-termath of the British ferry disaster, dozens of survivers wandered the halls of the Novotel here, dryrails, weeping into the arms of newly arrived loved ones, fearing for

missing family. "I'm so proud of this one" a ruddy-faced man exclaimed out in the hotel's corridor, hugging his daughter with a teary, wide smile

that showed his front teeth had been knocked out on the ferry. Some passengers, missing close friends, admitted ambivalence over

their own renessed joy in life.
"I got away soot free," said Miles Southgate, a 30-year-old carpenter standing sadly in his socks in the lobby. There are people who are dead. I've softered a little cry, that's

There had been no fitting of a cofficient felt. Priday night in the crowded lounge aboard the Herald of Free Enterprise, and this made it all the more frightening when the starboard wall rose up to become the ceiling and people clung there before plunging 40 feet (12.2 me-

MEDIADED MA ST. Ausbed through the boot. "They came flying down, tumpose at the strange look on my
bling on top of me screening." Sace."
said William Cardwell, a port-side. And the man soon was up, not we come!" said William Cardwell, a port-side
passenger, who estimated the boat across, and lost in the final flicker issed 90 degrees in 30 seconds. "I of lights, said Mr. Southgate, re-

LATE NEWS

Shamir Rejects



ON PAGE 5

Maritime specialists say the roll-on, roll-off type of car ferry becomes unstable quickly if flooding reaches

Tales of heroism aboard the stricken vessel seem likely to etch themselves in Britain's national memory.

thought I was going to die, it was

A deck above, Mr. Southgate felt hoat's not quickly righting it-he realized that the post-side window next to him in the top-deck saloen was looking out from under sea water, and not upon the horizon visible seconds before.

You can't imagine how strange that was, like looking into an aquarium," he said. "Right before that, when the tilting began, I re-

to stay alive. "Something was radi- had been found.

Some, like Brian Simpson, a 40year-old sergeant in the British Army, were at the hotel bar, happiby raising a glass to life. "I had just death toil is thus tentatively put at bought a pint and it slid off the table," he said, recalling the mo-

Nearby, a soggy group of young men who were well beyond a first that member seeing a man smiling at me heard often on the ferryboats beacross the room, amused, I sup-

> "There I was trapped in an air See SURVIVE, Page 5

Water Entered Through Bow; Toll Put at 135

PARIS, MONDAY, MARCH 9, 1987

By Peter Maass

ZEEBRUGGE, Belgium - The bow doors of the Herald of Free Enterprise were probably open before the British ferry capsized, officials said Sunday. Fifty-three of the 543 passengers and crew members were killed and 82 are missing and

Belgian government officials and representatives of Townsend Thoresen, the company that operates the vessel, said the doors, which are opened in port to allow cars and trucks to drive onto the vessel, may not have been closed as the 7,951ton ferry left this port Friday night. It was presumed that water rushing in through the bow caused the vessel to beel over onto its port side

Some of the officials said the doors are left open to allow exhaust fumes from the cars and trucks to scape from the vehicle hold.

However, they pointed out that the doors are nearly 10 feet (about meters) above sea level, so it rould be difficult for water to enter the ship under normal circum-

"Every time when the vessels leave the harbor the doors are open," said Valère Vautmans, chief of staff for Belgium's minister of public works. He asserted, however, that it would be "impossible" for water to come in unless the

ocean was very rough.

When the ferry tilted over on its port side about five-eighths of a mile (1 kilometer) from Zeebrugge, the weather was calm. The boat, built in 1980, was starting a regular run to Dover, a journey that normally takes four hours.

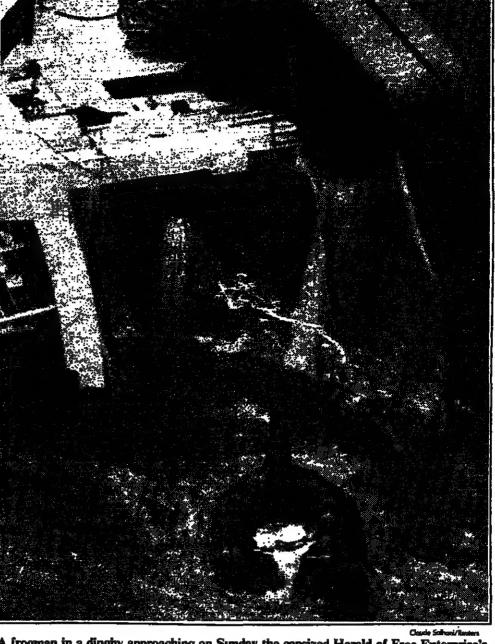
Officials said there were 463 passengers, mostly British tourists and truck drivers, and 80 crew members on board, making a total of 543. By Sunday night, 408 of them were calling his own sloshing scramble alive and on shore, while 53 bodies

The 82 missing persons are presumed dead, trapped in the wreck of the ferry, which lies on a sandbar in about 32 feet of water. The total

table," he said, recalling the mo-ment of disaster in the ferry lounge. someone is still alive," Mr. Vautmans said.

He and other officials indicated round of drinks began an ironic that the bow doors were the focus in the aftermeth of the disaster, However, it appeared that something else happened to initially let water through the doors.

Mr. Vautmans and a port official See FERRY, Page 5



A frogman in a dinghy approaching on Sunday the capsized Herald of Free Enterprise's open bow doors, which were covered with nets to prevent the escape of the ferry's cargo.

Congressional Investigators to Decide On Immunity for Poindexter, North

WASHINGTON — The chairmen and ranking Republican memhers of the congressional select contra affair will treet Tuesday to decide whether to grant immunity to key witnesses, the Senate majorleader, Robert C. Byrd of West

Virginia, said Sunday. Mr. Byrd said in a television inlect committees of the Senate and

missed as a National Security Council aide.

Both men have avoided testifying by invoking their Fifth Amendment constitutional right against

self-incrimination. "I think at some point use immu-

Funds from a tax-exempt foundation were sent to an account used by North. Page 3.

House of Representatives are mov-nity will have to be granted," Mr. ing toward granting limited immu- Byrd said. "The timing and the nity for Rear Admiral John M. circumstances will determine that." Poindexter, a former national secu- Use immunity prevents a witness's rity adviser, and Lieutenant Colotestimony from being used in a rence E. Walsh, is responsible for nel Oliver L. North, who was dis- criminal prosecution against him.

Mr. Byrd said that he had spoken with Senator Daniel K. Inouye, a Hawaii Democrat who is chairman of the Senate panel, who had told him "that if the proper definitions and proper conditions are placed on use immunity, that the committee would not be jeopardizing the

work of the independent counsel." The Senate Republican leader. Bob Dole of Kansas, who appeared program, said, "I think we've reached the point where the committee needs to make that judg-

The independent counsel, Lawprosecuting any criminal charges arising from the affair.

■ Reagan Implication Feared Bob Woodward and David Hoff-man of The Washington Post report-ed earlier from Washington: A source close to President Ron-

ald Reagan said Saturday that if Admiral Poindexter does testify, the White House anticipates that he "will say he had direction and authority, directly or indirectly from Mr. Reagan.

The admiral's testimony could be damaging to the president's con-tention that he was unaware that proceeds of the Iran arms sales went to aid the Nicaraguan rebels,

the source said. Sources also said that the new White House chief of staff, Howard H. Baker Jr., is appalled by the absence of serious legal efforts to protect President Ronald Reagan in the Iran-contra investigations and has ordered a detailed internal effort to gather all the available

facts.
Mr. Baker has assigned the task to the incoming White House counsel, Arthur B. Culvahouse Jr., who, according to one source, has been working "around the clock, day and night, inundated." Mr. Baker told Mr. Culvahouse that "his immediate mission" is to assemble a complete picture of the White House role in the affair, according

to another source. According to sources involved in Iran-contra investigations, the White House has not taken necessary legal steps to protect its interests, nor identified the documenta-

See IMMUNITY, Page 7

sad of Syria to pullish the Syrians who killed 23 Hezbollah members who killed 23 Hezbollah members last month in Beinra and said that the for Moscow's Youth, It's the Rockers vs. the Lyubers

By Bill Keller

half-dozen teen-agers are pumping iron. homemade squat bars and leg weights, to the

become a Moscow sensation since a popular weekly magazine, Ogonyok, asserted that a Syrian soldiers, in the latest arisen from Lyubertsi's underground weight

Lebanese capital, have occasions. Lymbers, who roam Moscow, sporting an motorcycles at checkpoints. Lymbers, who roam Moscow, sporting an More than 100 have been reported informal uniform of baggy checked pants, confiscated in the last 48 hours.

Uniformal uniform of baggy checked pants, confiscated in the last 48 hours.

Uniformal uniform of baggy checked pants, confiscated in the last 48 hours.

Uniformal uniform of baggy checked pants, confiscated in the last 48 hours.

Uniformal uniform of baggy checked pants, confiscated in the last 48 hours.

rumors: Lyubers, Lyubers," said Yuri Shehe- saying last week by the newspaper Sovetska-

hippies, punks and other young noncon-formists. have gathered near reported Lyuber hang-outs, spoiling for a light. leys among groups of young people and has begun a campaign to provide more acceptouts, spoiling for a light.
"We will defend Moscow," declared a no-

The police prevented a clash Feb. 22 "only "Throughout Moscow, there is a rustle of V. Goncharev of the police was quoted as

or the weekly cultural newspaper Literatur-aya Gazeta.

In response to the Ogonyok article, one newspaper has set up a telephone hot line for teen-agers to discuss their problems. The

able outlets for youthful energy, such as new sports clubs and discotheques.

The controversy has lent urgency to a debate about what is happening to a restless generation of Soviet youth, and where the official system failed to satisfy their needs.

Ogonyok, which is affiliated with the Communist Party daily newspaper Pravda, published the Lyuber article in early February. Weaving together interviews with members of various young cliques — both the Lyubers and those who said they had been victimized - the writer, Vladimir Yakovlev, painted a portrait of a vigilante movement with unmistakable neo-fascist leanings.

See TOUGH, Page 7

Shultz Hopeful On Arms

Cites Progress At Geneva on Specific Goals

By David K. Shipler New York Times Service

PALO ALTO, California — Sec retary of State George P. Shultz said that enough progress had been made recently in the Geneva arms talks to provide hope that his discussions in Moscow next month can make headway on cutting the number of long-range nuclear weapons in half as well as on climinating medium-range missiles in

Europe.
Mr. Shultz, speaking with reporters Saturday as he flew from Japan to the United States, gave the most optimistic assessment of the arms negotiations since the summit meeting in October at Reykjavik.

He said that after months of delay, Soviet negotiators had begun to translate the broad ideas presented in Iceland into specific positions in Geneva. He noted, for example, that if procedures for onsite inspection were agreed upon for a treaty banning medium-range missiles, they could also be used in a treaty reducing long-range strate-

gic nuclear weapons.

Mr. Shultz declined to confirm reports that the Russians had relaxed their previous rejection of any testing outside the laboratory of components of a space-base missile defense system. His silence on the point was taken as an indication that this was one of the areas

The missile defense plan envisions a technological breakthrough that would enable the United States to destroy ballistic missiles from space. At the Reykjavik meeting. Mikhail S. Gorbachev, the So-viet leader, insisted that a ban on testing such a system must be included in any treaty reducing stra-

egic nuclear weapons. Shortly afterward, Soviet offi-cials were quoted as saying informally that Moscow might agree to some testing. But for months, Soviet negotiators said nothing about

"The Soviets have a technique of bargaining," Mr. Shultz said. "This bargaining process, so to speak, takes place across a wide spectrum of activities, and they have an amdot in country X speak is another ambassador in country X, he passes along something to the American ambassador.

"Or they invite visitors who aren't in the government." Mr. Shultz continued. "and they give See SHULTZ, Page 7

Academics Urge End To Apartheid

JOHANNESBURG - Twenty-

seven academics at one of South Africa's most influential universities have urged President Pieter W. Botha to scrap apartheid and commit itself to power-sharing with blacks.

The academics from Stellen-bosch University, the intellectual cradle of the ruling National Party, issued a statement Saturday saying they could no longer refrain from making known their concern at the stagnation of apartheid reform.

Also Saturday, Willem de Klerk, brother of South Africa's minister

South Africa has severely restricted the reporting of unrest or dissent. Correspondents may be fined or imprisoned for failing to submit to censors articles that contravene regulations.

of national education, Frederik W. de Klerk, announced he was resigning as editor of the Afrikaans-language Sunday newspaper Rapport, Mr. de Klerk, 58, cited interfer-

ence by the National Party in the content of the newspaper, which has taken a more critical stance toward the government than other Afrikaans newspapers.

The criticism from two sectors of the Afrikaner establishment could damage the National Party as it prepares for a May 6 general election for whites.

Already, several National Party members have resigned to protest the pace of reform. Three former party members, including South Africa's former ambassador to Britain, Denis Worrall, are running as independents in the election.

The Stellenbosch academics, including 23 professors, said they were convinced that the "the process of negotiation about the accommodation of all - particularly black -- South Africans in the decision-making process is seriously retarded by the government's hesitance to issue signs of hone."

Whites, Indians and mixed-race "Hippies, punks and metalists shame the people are represented by separate

Pollard Probe JERUSALEM (AP) - Prime Minister Yitzhak Shamir A REMANDION IN CARREST CONTRACTOR OF THE PROPERTY OF THE PROPE strongly opposed Sunday investigating the spy scandal involving Jonathan Jay Pollard. Some cabinet ministers had THE STATE OF THE S demanded an official inquiry. But Mr. Shamir said the government had dismantled the unit that employed Mr. Pollard and that meant "such rogue operations will not be carried out any more in the future."

SPECIAL TODAY

The South Chino Morrang Post Hong Kong's market has Zained new stature among investors. Personal Investing, Pages 9-12. GENERAL NEWS

The United States appears ready to approve aid for Pakistan despite a dispute over its nuclear program. Page 2.

In Poland, a debate has broken out about anti-Semitism during World War II. Page 7.

Americar. Topics is on Page 4.

BUSINESS/FINANCE

Airbus representatives reportedly said that the consortium has four firm customers for the A-340 jet. Page 13. Ecuador faces further economic problems after earthquakes paralyzed production and exports of oil. Page 13.

Iran, Syria Near Crisis In Dispute Over Shiites

By Thean A. Hijazi New York Times Service BEIRUT — A dispute has broken out between Syria and Iran common in the city before the

over Iran's support for militant Shrite Moslems who have clashed with Syrian troops enforcing security measures in West Beirut. Consultations were reportedly under way to head off a crisis in

relations between the countries. The Syrian military intervention in Beirut, at the request of top Leb-anese Moslem officials, came after

ally, supporting Tehran against Iraq in the Gulf war. The Iranians have expressed concern that activists of the pro-Iranian Hezbollah, or Party of God, may be suppressed and dis-armed by the Syrian Army, which has so far stayed clear of Beirut's

is headquartered. In a speech in Tehran on Friday, the Iranian president, Ali Kha-menei, warned against what he bers were to be stripped of their the weapons. He asked, "If these weapons were to be deweapons were to be dewell said the two were being held
Welt said the two were being held young, pious forces were to be de-prived of their weapons who would defend Lebanon and the Islamic

forces against Israeli aggression?"
He urged President Hafez al-Assad of Syria to punish the Syrians Syria's prestige "might be tar-

The state-controlled Damasens radio, in what was seen as a reply to Tehran, said Saturday that those who carried firearms in Beirut under the pretext of lighting Israel had turned them against innocent Lebanese civilians.

The Damascus radio, monitored in Beirut, did not mention Iran by name but criticized what it called "external powers" that have spoken against the security plan in West Beirut. move to tighten security in the pre- lifting rooms.

Police sources said the measure was a precaution against hit-andrun attacks or robberies that were

7.000 Syrian troops arrived last month. In another development, a new Iranian ambassador arrived in Beirut on Saturday to take up his post. He was welcomed by Hezbollah members in the mainly Shiite

southern suburbs. Hezbollah gunmen left West Bei-rut after 23 of their members were ferocious battles between rival mi-litiamen. Syria is Iran's main Arab ally, supporting Tehran against southern suburbs. Since the arrival of the Syrians, West Beirut has been cleared of militiamen.

Meanwhile, there has been no confirmation from the police or any other source of a report in an Arab newspaper that two West German hostages were killed when southern suburbs where the faction the Syrians stormed the Hezbollah stronghold. Al-Ittihad, which is published in the United Arab Emirates, said that the two captives, Rudolf Cordes and Alfred

at the Iranian Embassy in West See BEIRUT, Page 7

In Tokyo, Pummeling the Prime Minister

A Japanese housewife hits an effigy of Prime Minister Yasuhiro Nakasone during a demonstration Sunday against a proposed sales tax. The banner on the effigy reads "Liar Prime Minister." The government had promised not to introduce a large indirect tax during last year's election campaigns.

New York Times Service LYUBERTSI, U.S.S.R. - In a jerry-built gymnasium hidden beneath an apartment building in this eastern Moscow suburb, a they are up to nothing more menacing than ary schools, calling on students to gather for White, well-muscled bodies strain at the pictures are pasted to their basement walls. music genre known as heavy metal signed a

beat of pop music from a boom box. These young men and their suburb have learsome gang of teen-age vigilantes had and social introspection.

The authorities condemned the article as

sensationalism, and the body-builders say tice that was circulated in Moscow secondemulating Arnold Schwarzenegger, whose a showdown. Local devotees of the rock But in a city where the rumor is a highly petition saying: "We, Moscow metalists, de-developed mass medium and suspicion of the clare war on the Lyubers throughout the city official version of any story is habitual, the Lyuber story is widely believed. It has pro- Lyubers their due. Now it's our turn." voked, among other reactions, fascination

dominantly Moslem part of the The Ogonyok article described groups of kochikhin, a commentator on youth affairs ya Rossiya.

The Ogonyok article described groups of kochikhin, a commentator on youth affairs ya Rossiya.

In Asia, Shevardnadze **Encounters Questions About Soviet Credibility**

By Michael Richardson International Herald Tribine

SINGAPORE - The Soviet foreign minister, Eduard A. Shevard-nadze, has encountered credibility problems in his efforts to expand relations with non-Communist countries in Southeast Asia and the South Pacific. Mr. Shevardnadze ended the

portion of his Asian tour devoted to non-Communist countries on Sunday. In his six-day tour of Thailand, Australia and Indonesia he tried to underscore Moscow's readiness to improve relations.

But credibility problems were evident in Indonesia over the Cambodian conflict and in Australia over Soviet offers of fishing and com-mercial deals to small South Pacific

island nations. Both issues are regarded in the region as important tests of Soviet sincerity. Doubts about Moscow's intentions inhibit improvement in political links.

Mr. Shevardnadze's visit to Australia, a U.S. ally, was the first by a Soviet foreign minister. In Indonesia, it was the first such visit since the government of President Suharto took power in the late 1960s, ending close ties with the Soviet Union and China.

Shortly after Mr. Shevardnadze left Jakarta on Sunday, the Indone-sian foreign minister, Mochtar Kusumaatmadja, said the Soviet for-eign minister had not made any

new proposals on Cambodia. Mr. Mochtar, who earlier had complained about the lack of "concrete results" from the visit, said 'serious differences" were blocking progresa toward a Cambodian set-

He said Mr. Shevardnadze would convey the views of Indonesia and its five partners in the Asso-

bodia and Vietnam.
Other members ASEAN are Bru-

nei, Malaysia, the Philippines, Sin-gapore and Thailand. Mr. Shevard-nadze began his swing through the region on March 2 with a five-hour visit to Bangkok for talks with Thai

Mr. Mochtar said that whether Soviet relations with ASEAN improved would depend on what hap-pened after Mr. Shevardnadze's

At a banquet for the Soviet foreign minister on Friday, Mr. Mochtar said Southeast Asia's biggest security problem was Vietnam's military presence in Cambodia.

He called on Moscow to make "more concrete contributions" to end the conflict there.

But at a press conference on Sat-urday, Mr. Shevardnadze appeared to rule out an attempt by the Soviet Union to use its extensive aid and close ties with Vietnam, Cambodia and Laos as leverage to resolve the Cambodian dispute along lines proposed by a majority of United Nations members.

Peace proposals by the UN and the resistance movement in Cambodia call for withdrawal of Vietnamese forces and for free elections to choose a new government in

Mr. Shevardnadze said Moscow did not hold the key to a Cambodisolution and supported proposals for a settlement put forward by

Cambodia and Vietnam. He said that both countries were sovereign states and had offered "legitimate" terms for national recliation in Cambodia.

At his press conference in Jakarta, he issued an implied rebuke to Prime Minister Bob Hawke of Ausciation of Southeast Asian Nations tralia and Australian opposition

> it does to Greece. Athens says the U.S. military-related aid should be

disbursed at a seven-to-10 ratio in

However, Mr. Papandreou said,

was receiving an extra \$1.5 billion

Referring to the Voice of Ameri-

corrective moves."

Are Wounded

At Sikh Temple

NEW DELHI - Four Punjab

cording to news agency reports.

the police. Two of the wounded

policemen were reported in serious

The news agency said the four

The Press Trust said that when the policemen entered the temple.

that had been purportedly "cap-

entered the Golden Temple, and it seemed likely that the incident

would stir new tensions between

moderate and militant Sikhs over

iab state has been shaken by

charges from militants that the po-

lice have been permitted too much access to Sikh temples.

tured" by "suspected terrorists."

held and tortured inside.



leaders who expressed skepticism last week about Soviet assurances good intent in the South Pacific. Mr. Shevardnadze said this attitude revealed "a kind of feudal thinking a sort of colonial mania to perceive everything in terms of attempts to divide the world into

spheres of influence." In Australia, Mr. Shevardnadze had told Mr. Hawke and other officials that Moscow was seeking normal diplomatic, economic and cultural relations in the South Pacific.

Mr. Shevardnadze said that Moscow's policy toward the Asia-Pacific region, which was set out in a speech in Vladivostok in July by the Soviet leader, Mikhail S. Gorbachev, was designed to promote peace and cooperation.

But Mr. Hawke commented Thursday in an Australian radio interview as Mr. Shevardnadze left

I find it difficult on the busis of Soviet activities around the world over the last couple of decades to accept that they would limit their interests to purely fishing. You would have to think on the evidence of the past that that could be a cloak for other activities."

Justifying the Soviet military presence in the region, Mr. Shevardnadze said at a press confer-ence in Canberra on Wednesday that his country felt threatened by both the United States and Japan. He noted that U.S. forces were stationed in Japan, South Korea,

the Philippines and Micronesia.

onity to resisting increased Soviet pressure on Pakistan and to safeguarding the flow of U.S. aid to the rebels in Afghanistan, where there are about 120,000 Soviet troops.

By David B. Ottaway

Wathington Post Service
WASHINGTON — The Reagan

administration apparently has de-cided that it cannot head off Paki-

stan's acquisition of nuclear weap-

ons and that it is unwilling to

sacrifice the big American aid program to that strategically located

nation to try to force Pakistan not to build a bomb, according to ad-

The United States will continue

to object publicly to the Pakistani nuclear program, officials said in recent interviews, but will give pri-

stration officials.

U.S. Is Reported Ready

Pakistan was producing weapon grade enriched uranium.

bled the various parts of a bomb

A State Department official said Friday that "we think they have the

capability of producing" a nuclear bomb now, "but we're convinced

country has succeeded in produc-

ing weapons-grade uranium and making a nuclear bomb.

The Pakistani government has since said that Mr. Khan denies

that he gave the interview, but two reporters insist he did.

U.S commitment to nuclear non-

proliferation with its equally firm

Proponents of a strong nonpro-

on Pakistan

hey don't have one yet."

To Back Pakistani Aid

Despite Nuclear Issue

Despite mounting evidence that Pakistan has reached the nuclear threshold, the administration is pressing Congress to grant another six-year waiver to a provision that otherwise would cut off U.S. aid to a nation that refuses to open its nuclear facilities to international

The administration is asking Congress to approve with no restrictions a six-year, \$4.02 billion aid program for Pakistan.

Administration officials acknowledge that there is little chance any more that President Ronald Rengan can provide Con-gress with "reliable assurance" that Pakistan is not moving toward pilding a nucleur bomb.

Under a 1985 congressional re-quirement, the president has to cer-tify annually that Pakistan does not have a nuclear device and that U.S. aid will reduce the risk of it obtain-

The White House last gave that certification to Congress in Octo-ber, despite intelligence it had that

WORLD BRIEFS

Israeli Police and Protesters Clash

BUQATA, Israeli-Occupied Golan Heights (UPI) — A protest mareinal crupted into a riot here Sunday when demonstrators began pelting Israeli policemen with stones, the authorities said.

The police said that nine officers and one protester were injured. The

melee was broken up when the police fired tear gas and warning shots.

Five protesters were arrested. The demonstrators, who police said mine. President Mohammed Zia ulhered in the hundreds, waved Syrian flags, chanted anti-Israeli slogans and blocked roads leading into the town.

The protest was called to protest Israel's interference with the Druze. Haq and his prime minister, Mohammed Khan Junejo, have denied

this to the U.S. government. But U.S. officials said the only outtown's water supply. Officials said they were unsure how the water supply standing questions are how much enriched uranium the Pakistanis

have and whether they have assem-Lawyer Seeks to Void Abdallah Verdict

PARIS (AP) — The current lawyer for Georges Ibrahim Abdallah, who was sentenced Feb. 28 to life imprisonment on terrorism charges, said. Sunday he has asked the French justice minister to word the verdice following the disclosure that Mr. Abdallah's former lawyer was an informant for the French secret service.

Jacques Vergès, in a letter to Justice Minister Albin Chalandon, still it was the first time in French history that "the state sends to an accused a Last Sanday The Observer of London quoted a leading Pakistani scientist, Abdel Qader Khan, as saying in an interview that his ecret service agent disguised as a lawyer to bettay the defense."

He asked the minister to issue a formal order to the Paris court to animal.

the verdict. The former lawyer, Jean-Paul Mazurier, acknowled day that he had informed on Mr. Abdallah from 1984 to 1986.

Polisario Front Reports a Victory

ALGIERS (Renters) — Polisario guerrillas said Sunday that they had won a large battle with the Moroccan Army on Friday, nine days after a major clash in which they reported having inflicted

Mounting evidence that Paki-stan is about to join the nuclear club presents both Congress and the administration with what Repheavy losses on the government. In a statement carried by Alge-ris's official APS news agency, the Polisario Front said 300 Meroccan resentative Stephen J. Solarz, Democrat of New York, called a dilen-ma of "Rubik's Cube" proportions: how to fit together the troops were "put out of action" in the same area where the guerrillas commitment to siding anti-Com-munist Afghan rebels dependent said 213 Moroccans were killed and 83 taken prisoner on Feb. 25.

The statement said Polisario fighters overran Moroccan delenses on a 12-mile (20-kilometer) liferation policy want to use the leverage of U.S. aid in a final bid to front, took 28 prisoners and de-stroyed five armored vehicles in the extract promises from Pakistan lour-hour battle. In another statethat it will not go any further toment on Saturday, the Polisario Front said the battles were part of a

ward assembling a bomb.

Administration officials argue new offensive in its campaign for independence of the Western Sahathat this would jeopardize the more immediate goals of supporting Pakistan against Soviet pressure and of helping the Afghan rebels. Administration officials also

said that they are still pressing Pa-histan to consider carefully the im-plications of assembling a bomb— a step they say is certain to touch off a nuclear arms race with India that Pakistan is unlikely to win.

India tested a nuclear device in 1974 but then halted further development of nuclear weapons until

Pakistan Reaffirms Policy Pakistan pledged Sunday to contime its nuclear program, even if it meant losing foreign aid, Reuters reported from Islamabad.

"We shall neither be browbeaten, nor cajoled," Zain Noorani, the acting foreign minister, told partisment. "I promise the people of Pakistan on behalf of the govern that no power on earth can deter us from pursuing our peaceful nuclear program."

Froge' Efforts Finally Pay Off The Associated Press

NEW DELHI - India has banned the export of frogs' legs, saying they are more valuable as domestic mosquito predators than

ARE CLUB: (

Water Tyrone I

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Marcos Aide Reaches Property Accord

MANILA (NYT) -A close associate of former President Ferdinand E. Marcos has agreed to turn over to the government his title to properties in New York and Hawaii, the head of a government commission,

evestigating Mr. Marcos's wealth has announced.

The official, Jovito R. Salonga, chairman of the Good Government commission, said Saturday that the Marcos associate, Autonio Florendo. agreed in a compromise accord signed Thursday to turn over the titles as well as \$3.5 million in cash if the government dismissed cases filed against

him and lifted the freeze on his properties.

The properties are an estate on Long Island, three apartments on Fifth
Avenue in New York and a Honolulu mansion.

Turkey Threatens Attack on Rebels

ANKARA (Reuters) - Interior Minister Yiklinim Akbulut threatened retaliation on Sunday against Kurdish separatist guernilas who killed eight Turkish civilians in an attack near the border with Syria. He hinted

that retaliation might involve a strike across the border.

He was speaking after the Foreign Ministry summoned the Syrian ambassador on Sunday. The ambassador was told that Syria should tighten border security, a ministry statement said, because the Kardish rebels who carried out the attack Saturday allegedly came from Syria.

For the Record

flew their C-130 military transport plane to southern Egypt, Abdel-Hamid Backoush, a former Libyan prime minister, said Saturday. He said the status of three Libyan enlisted men who made up the rest of the plane's crew has not been decided. lane's crew has not been decided.

At least nine persons were killed and 36 were injured seriously early.

saying they are more valuable as domestic mosquito predators than as gournet dinners abroad. The Ministry of Environment and Forests said that the export ban, effective immediately, was to protect India's dwindling frog population.

At least nine persons were tained and 50 were injured sentonly early. Sanday when a passenger tain going from Djibouti to Dire Dawa in Ethiopia derailed, the Djibouti Transport Ministry said. (AFP)

A Lebanese woman and her nephew have been charged with conspiracy and illegal possession of weapons following discovery of an arms cache in the cellar of a Paris apartment building, judicial sources said Saturday. Leila el Masni, 40, was released provisionally, but her nephew, Zaid Hachache, 30, remained in police custody.

Greece Criticizes U.S. Over Policy on Turkey

By Alan Cowell

ATHENS - In his sharpest criticism of the United States in favor of Turkey, a proportion that months, Prime Minister Andreas gives Greece, a smaller country Papandreou accused Washington with a smaller army, a per capita of favoring Turkey over his country advantage. and threatened the closure of Voice of America relay facilities unless U.S. government and congressional the purported imbalance were re- officials had told him that Turkey

Analysts said the Socialist prime was receiving an extra \$1.3 to outside the seven-to-10 ratio.

Referring to the Voice of Al tended in part to counter criticism carelay station, which helps trans-by political opponents of his for-eign policy, seemed a marked re-verse in what Greece and the Unit-Greek government will sign an In a speech to agricultural coop-

erative members on Saturday, Mr. Papandreou criticized U.S. officials, including Defense Secretary
Caspar W. Weinberger, for reportedly depicting Turkish troops in northern Cyprus as playing a de-fensive role. Turkey invaded the island in 1974.

"This is something which we are not prepared to accept without strongly protesting," he said. Mr. Weinberger had planned to visit Greece later this month. Last week, however, Greek and U.S. of-

In his speech Saturday, Mr. Papandreou accused Washington of

ficials said the visit had been post-



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Chun Avows Desire for Compromise granting Turkey far more aid than

By David K. Shipler New York Times Service

SEOUL - Secretary of State George P. Shultz is reported to have won assurances from President Chun Doo Hwan of South Korea that he would seek a compromise with the opposition on the. form of an elected government.

According to an American offi-cial, Mr. Chun also repeated his pledge to move South Korea toward a constitutional democracy, ed States call a step-by-step agreement for VOA if there are no at the end of his term in February

> Mr. Shultz met with Mr. Chun on Friday during a stop in Seoul en route from Shanghai to Tokyo.

The American official said that Mr. Chan also reassured Mr. Shultz that he would submit the proposed constitutional change, determined through compros with the opposition, to a plebiscite

These issues have been at the heart of negotiations between the policemen were wounded by gun-fire after entering the interior of the in recent weeks. rerument and opposition leaders

Golden Temple at Amritsar, the Sikh religion's boliest shrine, ac-"He spoke in compromising tonet," the American official said of Mr. Chm. "He made it very clear he was stepping down. We believe him. He's going to step The Press Trust of India initially ported that one person had been tilled, but this was later denied by down.

But it is still an open question about what kind of government will replace Mr. Chun's. American officials have expressed impatience with the slow pace of what they call "political evolution," saying steps must be taken soon if the deadline policemen who entered the temple on Saturday were dressed in plain clothes, apparently in deference to Sikhs' hostility to having police enof next February is to be met for ter the shrine. It said the police had the transition to a freely elected

gone into the complex because of government.
reports that someone was being But Mr. C. But Mr. Chun did not give Mr. Shultz a timetable for revising the Constitution, an official said.

Mr. Chun's governing Demothey were fired upon from a room cratic Justice Party has called for an elected parliament, which would then choose a prime minister. The main opposition group, the New Korea Democratic Party, led by Kim Dae Jung and Kim Young The action marked the third time in the past year that the police have Sam, insists on a direct presidential

A direct election, the opposition argues, would be more difficult for the sanctity of Sikh temples. The moderate Sikh government of Punthe ruling party to tamper with. And a parliament, some fear, could be manipulated by Mr. Chun from behind the scenes even after he

Chernobyl Said to Increase Mistrust of Nuclear Power New York Times Service

WASHINGTON — Although the world now relies on nuclear power plants for 15 percent of its electricity, popular mistrust could bring a virtual end to the nuclear age early in the next century, according to a report published by the Worldwatch Institute, a research organization.

In a paper entitled "Reassessing Nuclear Power: The Fallout from Chemobyl," the privately financed organization said Saturday that the political consequences of the accident last April at the Soviet Union's Chernobyl reactor were the "collapse in country after country" of a "pro-nuclear consensus" and the growth of anxiety about nuclear safety to levels that government leaders could not ignore.

Citing post-Chernobyl opinion polls, the report said: "Over twothirds of the people in most countries are now against building more nuclear plants, numbers that have increased significantly since Cher-nobyl. Indeed, about half the people of Europe favor the shutdown of

In a survey of developments outside the United States since 1975. the study said that governments in power had approved the abandonment of nuclear programs in Sweden, Denmark, Austria, New Zealand and the Philippines and had canceled or delayed proposed auclear construction projects in Spain, Greece, the Netherlands, Argentina, Brazil. Mexico, Italy and Spain.

The report was ridiculed by the Atomic Industrial Forum, a nuclear industry trade association. Accusing the Worldwatch Institute of being "grossly and consistently wrong," Don Winston, an association apokesman, said the institute earlier urged "a transition to a postpetroleum world in which coal-burning would be undesirable and almost all energy would be provided by solar or photovoltaic devices, wind, wood and water." He added, "Now they're talking smoke again — burning coal to replace nuclear."

Voice of Peronism Again Resonates in Argentina

By Shirley Christian
New York Times Service

BUENOS AIRES - Juan Domingo Peron and his wives are gone, but a new voice of Peronism is filling the plazas and the air-waves of Argentina with a passionate detense of workers' rights that keeps political

tempers blazing.
Saul V. Ubaldini, who leads the labor movement that was the lifeblood of the Perons, has become the most visible adversary of President Raúl Alfonsin's economic pro-

The government, under the pressure of a \$53 billion foreign debt, envisions opening up the economy to make it more competitive in world trade, including putting many state-owned businesses in private hands, promot-ing foreign and local investment, and offering equity in some of the indebted compar to foreign creditors. At the same tim trying to reduce the government deficit by cutting the work force and other steps.

Mr. Ubaidini, viewing the economy from a strongly nationalistic position, wants the president to dismiss his entire economic im and take another route. He proposes that the emphasis be on expansion of the internal market, with such measures as government investment to spur the creation of "illegitimate" part of the debt. He wants the sevelt in the United States in the 1930s. He

The two sides also disagree about the in-flation that has tormented Argentina for model for recovery, not a model for retrenchnations. The government, saying it can-ment." not carry out its economic program in an atmosphere of high inflation, continually looks for a way to halt it, most recently with

wage and price controls. Mr. Ubaldini says inflation is a secondary concern, that the important thing is for everybody to have money to spend. And he somewhat from its heyday, the CGT still

claims to be the strongest and most unified labor movement in Latin America. contends that workers have lost purchasing power under wage controls,

What worries us is that when they begin these belt-tightening measures they will end up adopting a recovery policy that helps just 10 million Argentines instead of all 30 million."

--- Saul V. Ubaldini

Mr. Ubaldini is secretary-general of the General Confederation of Labor, known by

its Spanish initials CGT, the umbrella orga-

nization that numbers about three million

members in hundreds of prions. Although

What worries us," he said in an interview, "is that when they begin these belt-tighten-ing measures they will end up adopting a recovery policy that helps just 10 million Argentines instead of all 30 million."

What was needed, he said, was a major government-directed economic revival intended to increase jobs and wages, along the lines followed by President Franklin D. Roo-"diegramate" part of the deol. The whith the sevent in the Officer States in the 1750s. The special recommend to the said that Roosevelt, "against all the advice of money and refuse to repay what went out as flight capital.

Special recommend to the called "practically the paladin of the poot." Mr. Alfonsin recently suggested that Mr. Ubaldini and his followers failed to under-

The dark leather jacket he wears in winter sets the fashion standard for many Argentine men. In the summer months, from December into March, he has been known to appear bare-chested before labor gatherings, recalling the "shirtless ones" who first swept Juan and Eva Peron into power 41 years ago.

Mr. Ubaldini, 48, said that he had seen
Peron only from afar, but that he had a

as it is guiding the ship of state, was obliged to make repairs in the ship to stop it from taking on water, presumably an alimsion to the need for economic change.

On another occasion, after one of the four eneral strikes that Mr. Ubakimi has called to back his arguments, the president accused labor of "stopping to cry" when it ought to be "gritting its teeth and going to work." The labor leader responded that "crying is

sentiment, but lying is a sin," apparent filled election promises to labor by Mr. Af-fonsin and his Radical Party. Mr. Ubaldini came out of the relatively

small beer workers' union just a few years sgo to emerge as a national leader at a time when the CGT was still officially outlawed by the military government that preceded Mr. Alfonsin's

Since then he has presided over the CGT's return to legal status, but the government and the CGT are still arguing over the pro-posed collective bargaining law and over which of them should control medical and other social benefit programs for CGT members. Great political power lies in control of the benefits program, a tradition inherited from Eva Peron

"The Radical Party sees all of that money and says the unions always ran it for their own profit and glory," a labor analyst said, so now the Radicals want to run it for their profit and glory."

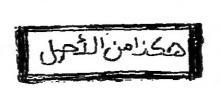


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THE NIKKO PERSPECTIVE

The Securities Industry is Becoming a Leading Industry in Japan

WHAT FORCES are behind the recent strong performance of Japanese securities companies?

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Iwasaki: Three sets of developments have given strong impetus to our growth: developments in international capital markets, growth of the financial asset base in the domestic market, and deregulation and rapid growth of financial markets.

In international capital markets, there has been a strong shift toward securitization. Last year, for example, about 70% of transactions-primarily bond transactionsin the Euromarket were securities-related. Bank loans represented only about 27% of total transactions. Behind this shift toward securitization is an underlying need to adjust flows of funds between creditor and debtor nations. The funding requirements of borrower nations are not likely to subside suddenly. Instead, it has become increasingly clear which nations will be creditors and which will be borrowers. The trend toward securitization is therefore likely to continue for the long term.

Another important development in international capital markets supporting the growth of our operations is the growing importance of institutional investors. In an environment where interest rate and currency risks are greater than before, the role of the professional investor has and will continue to become more important.

Securities are also a more flexible mode of finance when it comes to developing new financial instruments and products. This too has been an important factor supporting the expanding role of securities transactions in the Euromarket and in other major financial

WHAT DOMESTIC developments have boosted Nikko's performance?

Iwasaki: One of the most important has been the growth in financial assets in Japan. According to estimates made by the Nikko Research Center (NRC), expansion in financial assets is outstripping growth in real assets. The NRC forecast for 1987 through 1991 is for growth of 5.2% in real assets. Compare this with forecast growth of 8.6% for financial assets and you can see why growth in the financial services industry is likely to continue at a strong pace. The Japanese economy is shifting to become less of a "goods" economy and more of a "money"

economy. Along with this, we have seen a significant increase in sensitivity to interest rates and profitability of investments among individuals. Although securities still account for only about 20% of personal financial assets, we foresee a growing shift toward securities investments in the years to come. This trend will move in parallel with the growth in securities markets. For example, the volume of Japanese government bonds outstanding now is about \$916, billion, but in five years, this will rise to \$1,300 billion. Another very significant development will be the removal of tax exemptions on an estimated \$2,000 billion in savings beginning in October 1987.

This will lead to some important shifts in the flow of funds and will generate more opportunities for securities companies.

Reflecting the size of financial assets in Japan, which now total more than ¥600 trillion, or about \$4 trillion, Japan has also emerged as the world's leading creditor nation. At the end of calendar 1986, Japan's net external assets amounted to an estimated \$200 billion. By 1991, we believe this total will rise to \$500 billion. At present, about 80% of the increment to net external assets is accounted for by securities investments.

With this momentum behind it and with continuing deregulation, the Tokyo market is expected to move out in front as one of the world's three leading international money and capital markets. Surveys of experts indicate the consensus view is that Tokyo will rise to a position of importance equivalent to London in the near future and, thereafter, reach the same level of importance as New York, essentially propelled by the growth in domestic financial assets and by the growing volume of international transactions.



Takuya lwasaki

Born in 1928, Takuya Iwasaki joined Nikko Securities in 1954. After having held various operational posts in the trading, underwriting, and other divisions of Nikko, he was appointed president of the firm on December

WHAT ROLE has expansion in the market itself played in stimulating growth in your operations?

Iwasaki: A big role indeed. The size of transactions volume in the Tokyo market has expanded dramatically along with such developments as deregulation, increased par-. ticipation of institutional investors, and fluctuations in interest rates and foreign currency valuations. All of these developments have prompted investors to move their portfolios more actively for short-term gains. As Japanese banks especially continue to step up their activities in the market, transactions volume will continue to expand.

Nikko is very well positioned to participate in this growth. For example, in our fiscal year ended September 30, 1986, we increased our equity share trading volume 55%; brokerage commissions rose 42%, setting a new record. The value of our bond transactions rose 116% for the year and revenues grew 38%. We made substantial gains in convertible bond transactions, in bond futures trading, and in the

sale of investment trusts to individuals and institutional investors. In addition, we achieved excellent results in the development and application of new systems, including, for example, use of the new BARRA/Nikko Japanese Equity Risk Model in our Index Fund TSP and Japan Index Fund.

In short, it was an excellent year for us. Revenues were up 50%, to ¥457.1 billion, and net income rose 75%, to ¥82.8 billion, each of which is the highest level in Nikko's history. Reflecting the excellent prospects for growth in our operations, the total stock market valuation of Nikko shares was approximately \$13.1 billion as of the end of 1986, over 268% higher than a year before.

WHAT EFFECTS will increased competition from domestic and foreign securities companies have on your operations?

Iwasaki: As in any growing market, we expect competition to increase. Right now, 36 foreign securities companies have securities branch licenses in Tokyo. We expect that number to rise to 50 before this year is out. Since some of these operations are branches of subsidiaries of foreign commercial or universal banks, we expect Japanese banks will also begin to argue more strongly for permission to set up securities operations in Tokyo. We expect that the number of our competitors will grow and that competition will become tougher in the years to come.

Other developments we have to keep in mind are further deregulation measures, such as the problem of the fixed commission structure and introduction of a shelf registration system.

These developments, along with the sheer growth of the Tokyo market, form the backdrop for our continuing expansion. As Japan becomes an increasingly important exporter of capital and an international financial center, the opportunities will multiply very rapidly. The most important success factors will include having the right strategies and the right set of capabilities to meet the needs of the market as they emerge.

More than ever, we have to stress closeness to the markets we deal in. Growth in revenues and profits will no longer depend on continuing to do things the way they were done in the past but will depend much more on being in touch with the needs of the market and on being able to respond to those needs. Being market-minded, I believe, is a key point we must stress in the years ahead.

WHAT STRATEGIES will Nikko pursue to achieve this market-minded orientation?

Iwasaki: Our ultimate goal, as Japan becomes an increasingly important financial center, is to become a full-service, global financial institution. To accomplish this, I think Nikko must become more active in developing appropriate strategies and implementing them. We cannot afford to maintain a passive approach; we have to move into a more active

I have summarized this in the phrase

Zoshitsu Keiei. The main theme of Japanese companies after the oil crises was what we call genryo keiei-that is, managing to eliminate waste in all phases of our operations. I think we need a shift in emphasis now toward upgrading the quality of our operations.

Zoshitsu Keiei means, specifically, managing to upgrade the quality of our personnel resources, our products and services, and our financial position and resources.

People, as anyone in the securities industry knows, are our most important resource. I think Nikko certainly has a highly trained and capable staff. But I think we need to emphasize Zoshitsu Keiei through increased training and through stimulating our staff to test the limits of their abilities by giving them increased responsibility. Unless younger people are given the opportunity to try, they will not make either the right decisions or the mistakes that we all learn from. I have forbidden our branch managers to complain about some young people not being selfstarters. Instead, I have told them to give these younger people more responsibilities.

To do this, we have implemented changes in operating procedures by having both directors and managers do more to encourage initiative among all levels of staff, thereby realizing our full potential as a company through a fundamental change in the way our professionals approach their work.

Another key aspect of personnel development is evaluation. We are conducting a full review of our compensation and evaluation systems and will make the changes found appropriate for attracting and keeping the be talent.

HOW ABOUT the development of competitive financial products and services? How will Nikko keep ahead in this area?

Iwasaki: Personnel resources are a key factor here also. But development of financial products and services that stay ahead of client needs will require a greater closeness to the market. That is what I mean by being market-minded. Nikko's financial products and services are a crystallization of its knowhow and expertise. Investment trust products and swaps are cases in point. But I don't think products that meet client needs can come from sitting, thinking, and waiting for divine inspiration. We have to be in intimate touch with the market, constantly sounding out the needs of our clients. When we know what the market requires, we can develop the proper services. Ideally, we should know our clients and the market so well that we can provide services that satisfy needs that clients themselves are unware of.

We must also continue to work to improve our capital base and overall financial position. This is because profitability is now essential to generate the confidence of society and our

Given the market opportunities we have before us and the potential of our resources, I believe we at Nikko have the opportunity of a lifetime to be a leader in the financial industry in Japan and internationally.



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AMERICAN TOPICS

The Changing Face Of Catholic Schools

Page 4

in the past decade, enrollment of non-Catholics in Catholic parochial schools in the United States has increased from 2 percent to between 12 and 15 percent, the National Catholic Education Association says. In some inner cities, that trend has been magnified. The result in Washington, D.C., for example, is a Catholic school-system for black families who have spurned public schools, The Washington Post reports.

As white Catholics moved out of the inner cities in the 1960s and 1970s, some Catholic schools closed. Those that remained became predominantly black with many non-Catholics. In Catholic elementary schools in Washington, 47 percent of the pupils are non-Cath-olics, and in three schools, the proportion exceeds 70 percent. All of the pupils take part in mandatory morning prayer and

religion classes.
Some Catholics have wondered whether the trend is altering the character of Catholic schools. But for now, the Catholic system welcomes non-Catholics. With enrollments declining non-Catholics help keep the schools open. Tuition at Catholic schools ranges from about \$1,200 to \$5,000 a year.

Short Takes

Commercials are beginning to appear on videocassette tapes, according to U.S. News & World Report. Coca-Cola put a commercial on the European videocassette version of the film "Ghostbusters," produced by Coke's subsidiary. Columbia Pictures. If there were any cries of outrage, they went unreported. Indeed, Columbia and MCA Inc., the entertainment conglomerate, said they found that two-thirds of users would not bother to use the fast-forward button to skip past a commercial at the beginning of a tape. Accordingly, the compa-nies are considering introducing the commercials in the United States.

Hunters who couldn't pans the buck fired at the eight-point white-tailed deer standing at a Virginia roadside. But the buck was stuffed. Rappahannock County officials then issued summonses for shooting within 100 yards (90 meters) of a public road. The county game warden, Jim Bankston, said that when he asked one unsuspect-ing hunter afterward whether his shot hit the animal, the man replied, "I guess not — it's still standing there."

Notes About People

When Leonard Garment, a Washington attorney and lor-mer counsel in the Nixon White House, represented Edwin Meese 3d during Senate hearmgs for Mr. Meese's confirmation as attorney general, it cost the government 5472,190. Now end."

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PRESIDENT

Mr. Garment is representing Robert C. McFarlane, the former national security adviser, during investigations into the tran arms affair — at no charge.
"He's a friend in need," said
Mr. Garment, Mr. Meese, as a federal official, could charge his expenses to the government Mr. McFarlane, as a former official, cannot. "He doesn't have the resources to pay for some-thing like this," Mr. Garment

Peter M. Dawkins, West Point football hero, Rhodes Scholar, brigadier general at 43 and now a Wall Street investment banker, says he is "giving careful and serious consideration" to seeking the Republican nomination in New Jersey



Peter M. Dawkins

next year for the U.S. Senate sear currently held by Frank R. Lautenberg, a Democrat. Originally from Michigan, Mr. Dawkins. 49, also had considered running there, and has been mentioned for other states. He points out that during his army career he lived in 20 houses in

Some Think Scarlett **Should Rest in Peace**

Taking editorial note of the scheduled sequel to "Gone With the Wind," The Washington Post says the literary executors of the late Margaret Mitchell, author of the 1936 bestseller, "apparently have their doubts about doing this thing, but fear that if they don't someone will publish an unauthorized sequel that will be tru-ly awful." The Post says that if the critics were charitable, they could review the sequel strictly as a sequel: "Truly magnificent when one considers how dreadful it might have been" or "a towering accomplishment in the field of pre-emptive litera-

Even so, says The Post, "no quei may be, it will be enjoyed with a tinge of guilt and a faint-ly resentful feeling that after Rhett Butler said, 'Frankly, my dear, I don't give a damn,' and Scarlett O'Hara said, Tomorrow is another day,' then there really was no more to be written and that should have been the -ARTHUR HIGBER

INTERNATIONAL POSITIONS

You will find below a listing of job positions published last Thursday under the rubric International Positions.

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Regan's Departure May Alter White House Economic Goals

WASHINGTON - The departure of Donald T. Regan as President Ronald Reagan's chief of staff is likely to lead to significant changes in the administration's economic objectives, according to administration and congressional

The first significant shift is a retreat from one of Mr. Reagan's highest economic priorities: overhauling the way the executive branch and Congress prepare the federal budget.
The White House had been ex-

ploring such changes as the intro-duction of a second budget that would present the government's accounts more as businesses do, and shifting from one-year to two-year budgets. Other possibilities include combining the current two-step procedure of authorizing programs and then separately appropriating the money, and expanding presi-dential authority over the budget

enacted by Congress.

But "budget reform," as the White House called the project, became markedly less urgent with the departure last month of its leading proponent, Mr. Regan, Officials said Mr. Regan's re-

placement by former Senator Howard H. Baker Jr. also increases the hikelihood that Paul A. Volcker will stay on as chairman of the Federal Reserve Board. It also improves the chance that the president will meet with congressional leaders to dis-



Donald T. Regan's replacement as White House chief of staff, Howard H. Baker Jr., left, meeting with Representative Jim Wright, the House majority leader, in Washington.

cuss the 1988 deficit. And it is ex- who was leader of the Senate Repected to increase the power of publicans during the president's Treasury Secretary James A. Baker lirst term, adopted a markedly less 3d over economic affairs.

confrontational approach toward a The proposals for budget change skeptical Congress that is now confell out of favor as Howard Baker, trolled by the Democrats.

Edward M. Gramlich, acting director of the Congressional Budget Office, said the budget overhaul was now "as far back on the back

Officials said it was still too early to determine many other effects on economic policy resulting from Mr. Regan's resignation. But they con-firmed indications that Mr. Volcker's prospects for nomination in July to a third five-year term as chairman of the Federal Reserve

The officials added that the White House was likely to prove more agreeable to a conference with congressional leaders on the budget for the 1988 fiscal year and to discussing small tax increases to reduce the deficit.

They also said that the already powerful treasury secretary was likely to expand his authority to include more budget matters, which he previously left to Mr. Regan and the director of the Office of Management and Budget, James C. Miller 3d.

With respect to an overhaul of the budget process, Mr. Miller met twice this week with Howard Bakat least for this year.

burner as anything can get."

actual budgetary cost of the subsi-borrowing

"It was closely identified with dized and guaranteed loans the account."

Regan, and it has risen and fallen government makes to farmers, stu-with his stature," Mr. Gramlich dems and home buyers.

The White House also is seeking a constitutional amendment to require a balanced budget. And Mr. Reagan still hopes to win the authority to veto individual spending items in money bills without having to veto the whole bill.

But Congress has ignored theseproposals throughout Mr. Reagen's tenure. Administration officials concede that they have even less chance for enactment now than they did carlier and said they would

not fight for them with the vigor that Mr. Regan might have. "Howard Baker is not known for kamikaze missions," said a former senior official in the Reagan White House. "If something won't fly, he's not going to make the trip. Budget reform is a nonstarter."

Mr. Regan once attached such importance to budget issues that he put the White House counsel, Peter J. Wallison, in charge of a group to prepare a legislative proposal.

Mr. Regan was particularly in-

terested in preparing a budget, as private businesses do, that would er. No decisions were reached, offi-cials said, but in the face of indif-ference in both Congress and the Treasury, officials said a sweeping overhaul proposal was improbable, at least for this year. spending and revenue.
But critics said a capital budget

They said that the administra- could be used to camouflage federtion would urge some changes, including one that some Democrats
in Congress endorses showing the
actual budgetary cost of the subsidired and gray cost of the subsiborrowing required under a current

A Surprise at Supreme Court

Conservatives Fear Scalia May Be Joining 'Wrong Crowd'

By Al Kamen Washington Post Service

WASHINGTON - Justice Antonin Scalia of the U.S. Supreme Court is "very affable, very gregarious," said a conservative legal activist, Daniel J. Popeo. "Let's hope be doesn't get too friendly with the

The reason that Mr. Popeo and other conservatives are worried is that Justice Scalia's voting record so far shows him frequently with the court's liberal "crowd."

Most observers expected little ideological change when William H. Remounts became chief justice last fall and Justice Scalia joined the court. If anything, they predicted the court's conservative wing would become more firmly entrenched with Justice Scalia - aggressive, quick-witted and person-able — giving added intellectual firepower and persuasiveness to the

The early indication, with not quite one-third of the court's 150 annual decisions handed down, is that those predictions were wrong. to the left, not to the right. More-over, Justice William J. Brennan, a liberal, and not Justice Rehnquist, appears to be in the driver's seat.

Although most of the court's cases and many of its most important rulings have yet to be decided, the latest tabulations show that Justice Scalin has voted with Justice Rehnquist 75 percent of the time -- less than President Ronald

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Sandra Day O'Connor.

That also is less often than Jus-tice Byron R. White or even Justice Lewis F. Powell Jr., a centrist, and

90 percent of the time at this point last term. During her first term, Justice O'Connor agreed with Jus-tice Relanquist 82 percent of the At the same time, Justice Scalia

has agreed with Justice Brennan in 65 percent of the cases decided this term, virtually the same percentage of agreement that Justice Brennan has had with Justice John Paul Stevens, a moderate.

Observers have been watching closely to see whether Justice Reboquist, the court's leading dissenter for many years, would modcrate his views as chief justice and move to the center to control which justice writes the court's opinion. He has not budged. In fact, he has dissented more often than he did last term at this time.

As a result, Justice Brennan appears to be in a more powerful position than he has been in for years, winning every one of the important cases decided so far. By tradition, the chief justice de-

cides who will write the court's opinion when he is in the majority. When he is not, the senior justice in jargon. the majority decides. Because he has been in the majority so often, with Justice Rehaquist in dissent, Justice Brennan has been control-Any doubts about Justice Sca-

Reagan's other appointee, Justice when he wrote an opinion, involving a police search, that stunned and dismayed conservatives.

It was not simply that Justice Scalia joined liberals and centrists less frequently than the former in "handcuffing" police. He wrote chief justice, Warren E. Burger.

Justice Burger and Justice Rehnquist had voted together more than criminality of a few in order to receive the primary of medium. in "handcuffing" police. He wrote the opinion. And he said the Conprotect the privacy of us all,"
Then Justice Scalia chided the

dissenters, Justice Rehnquist, Justice O'Connor and Justice Powell. for not "adhering to the textual and traditional standard of probable cause." He said the result was grounded upon "strict construction" - the battle cry of conserva-Conservatives, including many

in the Justice Department, were astonished. Others were beside them-

McGuigan, a staunch Scalia supporter, said he was "surprised and disappointed." Still, be remains The second key to the liberals. confident that Justice Scalia's over- early success, however, has been all record will please conservatives. Justice Relinque who ardently championed his power a chief justice has on the nomination.

Replacing Justice Burger's vote with Justice Scalia's has so far ion in a case. made the court's voting pattern more liberal - in the conventional Justice Scalia's vote probably

changed the outcome in some cases, including one decision, seen by some as a victory for freedom of speech, striking down a federal law prohibiting nonprofit corporations lia's independence and unpredict-ability were shattered last month paign contributions.

issues, was serving his second term

Nebraska's new Republican gov-

ernor, Kay Orr, is to name a succes-

would narrow the Democratic ma-

James W. Blanchard, 83, a re-

ired rear admiral who was award-

ed a Navy Cross for sinking a Japa-

nese aircraft carrier while

in the Senate.

He also has transformed cases selves. They had been measy with that would have been 5-to-4 liberal some of Instice Scalia's earlier wins to 6-to-3 majorities, including votes siding with Justice Brennan, cases extending the reach of the but there had been explanations for Voting Rights Act, allowing special those. This one was too much.

A conservative activist, Patrick ers and making retroactive a ruling

The second key to the liberais' nist. The only real court comes from assigning the justice who will write the court's opin-

Justice Rehnquist has remained steadfast to his legal philosophy. The price has been 13 dissents in the first 42 cases. Justice Brennan assigned every one of the 13.

"At this stage of the term, it is a liberal court," said Mr. Fein, of the conservative Heritage Foundation. "Almost all of the cases of import this term have come down liberal

Account Used by North Got Tax-Exempt Funds

By Thomas B. Edsall and Ted Gup Washington Post Service

WASHINGTON -- In 1985 and 1986, more than \$1.7 million was channeled from a U.S. tax-exempt foundation to a Swiss bank account being used by Lieutenant Colonel Oliver L. North for funds that helped arm the Nicaraguan rebels and finance the sale of U.S. weapons to Iran, according to docu-

The documents provide the first evidence that tax-deductible contributions were systematically transferred to an account under Colonel North's direct control. They also lay bare the circuitous route that the money traveled from the United States, through the Cayman Islands, to Switzerland.

The documents portray Colonel North, who was dismissed Nov. 25 from his National Security Council post, as directing that money raised a conservative fund-raiser, Carl Channell, be sent to the Swiss account, which was in the name of Lake Resources Inc.

Mr. Channell received White stance in soliciti tributions from some of the country's wealthiest conservatives as part of a campaign to support the Reagan administration's policies in Central America.

Potential donors received briefings from Colonel North, heard talks by a top State Department official and, if they contributed enough, met with President Ronald

As a result of Mr. Channell's efforts, millions of dollars flowed into his organizations, including his primary foundation, the Na-tional Endowment for the Preservation of Liberty. The documents show how \$4.9 million was disbursed to Colonel North's account and other entities. They do not show, however, how Colonel North ultimately used the money.

The documents describe Mr. Channell's overall efforts in support of the rebels, or contras, including what it called its Central American Freedom Program, a variety of publicly amounced initiatives. But the documents do not explain why the company hired by the foundation to run that program, International Business Communications, sent much of the money to the Swiss and Csyman

A report written by Internation-Business Communications at Mr. Channell's request was ob-tained by The Washington Post. It attempts to reconstruct what Inter-national Business Communications did with the \$4.93 million it received from the foundation from May 1985 to December 1986.

in a two-page summary at the beginning of the report, the president of International Business Communications, Richard R. Miller, told Mr. Channell that the company sent some of the money to Lake Resources "at the request" of Colonel North.

Mr. Miller added: "At the present time, we are unable to obtain from him any information concerning the application of those funds after deposit to the Lake Resources account. However, we were assured by him at the time that the funds

were to be applied solely for ha-This distinction is crucial Dur-

ing the period when the transfer occurred, Congress had betined any direct U.S. military assistance to the coutres. Colonel North used the Lake Re-

sources account to charter planes. and ships to carry weapons to the contras, funnel cash to a resuppir a contra camps and provide expense money for his chief lieutenant, Richard V. Second, a retired air force major general.

The Tower report contains an

important reference that apparently links the money raised by the foundation to Colonel North's op-erations. On April 3, Colonel North wrote himself a reminder to call Mr. Second about "650k for

LAKE' On April 9, the International Business Communications docu-ments show, a transfer was made from the foundation to the company, and then, through the Cayman Islands to Lake Resources on April 11. On April 16, Mr. Second reported back to Colonel North. "\$650k received today as reported

by banker." From the documents, it is clear that Mr. Miller and International Business Communications played a much more important role than previously known. The international Business Communications report portrays the company as controlling how the mensy would be disbursed.

The report, which includes photocopies of the transfers to Lake Resources, also contains these significant findings:

 Money from American donors was commingled with profits from arms sales to Iran in the Lake Resources account at Credit Susse Bank in Geneva. According to the documents, \$1.74 million went to Lake Resources in seven transfers from Sept. 20, 1985, to April 11, 1986. Of this, \$1.31 million was funneled through a Cayman Is-lands corporation called I.C. Inc., later renamed Intel Co-Operation Inc. The remaining \$430,000 was transferred directly to Lake Resources by International Business

Another \$1 million went to Alpha Services S.A., a corporation, controlled by the Nicaragnand, Democratic Force, the military

wing of the contras.

In effect, U.S. naxpayers were subsidizing the multimillion-dollar cash flow from the National Endowment for the Preservation of Liberty to International Business Communications, to Intel Co-Operation, to Lake Resources and to the host of other recipients.

North Sues Again on Walsh Colonel North alleged in a new lawsuit Friday that the backup appointment of a court appointed independent counsel investigating the affair, Lawrence E Walsh, as a Justice Department prosecutor is just as unconstitutional achie original assignment. The Washington Post reported.

Attorney General Edwin Messe 3d appointed Mr. Walsh in an effort to make unnecessary the lar-suit Colonel North had filed exten challenging the constitutionality of Mr. Walsh's original appointment.

Senator From Nebraska spool on his frequent threats to OMAHA, Nebraska - Senator switch to the Republican Party. Mr. Zorinsky, always considered a maverick who often voted with the Republican Party on important

Edward Zorinsky Dies;

Edward Zorinsky, 58, a Nebraska Democrat, died Friday night after suffering a heart attack while performing on stage in a variety show at the Omaha Press Club.

Mr. Zorinsky, a former mayor of Omaha, collapsed shortly after he left the stage, where he performed a song and dance before an audience of more than 1,200. The song was a

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commanding a submarine in the Battle of the Philippine Sca in 1944, of respiratory arrest Thursday in Annapolis, Maryland. Maria Jolas, 94, an Americanorn translator and founder of the terary review Transition, who was one of the last survivors of James Joyce's Paris circle, Wednesday at

er home in Paris, where she had

CONDOS. USE THEM

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HEALTH.

lived for almost 60 years.

DOONESBURY

MIKE, I CAN'T

BELIEVE WHAT I'M

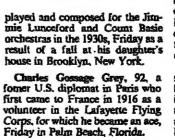
MATCHING



Edward Zorinsky

mie Lunceford and Count Basie orchestras in the 1930s, Friday as a result of a fall at his daughter's house in Brooklyn, New York.

first came to France in 1916 as a volunteer in the Lafayette Flying Eddie Dusham, 80, a jazz trom-Corps, for which he became an ace, bonist and electric guitarist who Friday in Palm Beach, Florida.









"No warning more. People were furled pas windows, part to Other passenger-INTERN IN TO STOCKS A

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THE CHANNEL FERRY DISASTER: Stability of the roll-on, roll-off type of vessel is an issue

Open Spaces, Other Features of Ship's Design Questioned New York Times Service LONDON - The ferry tragedy outside the Belgian port of Zec-brugge on Friday has raised ques-tions about the design of the rollon, roll-off type of vehicle-carrying ship involved in the accident, ac-

cording to marine experts.

The British government started a preliminary investigation Saturday into why the Herald of Free Enterprise, a British vessel, heeled over and capsized in just over a minute, shortly after leaving the Belgian port on the North Sea.

"Our investigators are already there," said Lord Brabazon, the British shipping minister. "But it is too early to say precisely what hap-

Independent maritime specialists said roll-on, roll-off car ferries become unstable quickly if flooding reaches into the vast decks that hold the automobiles.

The Herald of Free Enterprise, owned by Britain's largest ferry op-erator, Townsend Thoresen, had two such car decks, which run from one end of the ship to the other.

They are like a short stretch of road inside the ship, without compartments that would hinder cars driv
"It is a car ferry, and such a large the speed with speed with such it capsized.

"It is a car ferry, and such a large two such car decks, which run from

(Continued from Page 1)

"With who?" a buddy chimed in,

and the group, some with blood on their shirts, laughed in brayado.

floor filled with drying shoes and

assorted passenger flotsam, Tracey

Edwards dandled her 1-year-old

son, lan, who burbled and grasped

"He wouldn't sleep is what saved him, because my husband had just

picked him up out of the baby

buggy a second before the boat went over," she said. "We were

hanging onto tables so we wouldn't

slide down into the water. There

was lots of pamic and screaming but

my husband held on to the baby."

meles of panic. "It was terrible," he

Raymond Cook; speaking from a scrambled for his life from the cab bed at St. Jan's Hospital, had a of his truck. "I climbed up a truck, broken leg and was slashed by glass the one on top of mine," he said. "I in what he described as an initial saw the door I was looking for, but

"People were harled trough plate-gless windows, partitions buckled." Survivors said the

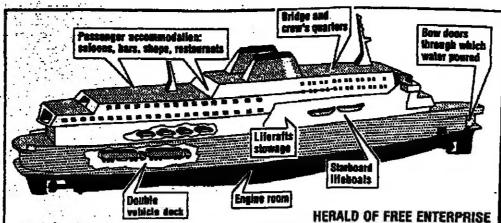
it was above me."

Other passengers, trapped for in the ferry was particularly terrify- descend no farther.

at an interviewer's microphone.

Across a comer of the lobby

pocket," one loudly announced.



big boxes. With these vessels, if water comes in, they go down very quickly."

Clive Langmead, a former Townsend Thoresen official who is now a marine consultant and journalist, said, "The roll-on, roll-off

ing on and off or stop flooding.

"It was bound to happen at some stage," said Alan Thorpe, a ship-said Lieutenant Alan Tate of the such vessels were lost in accidents

SURVIVE: The Rescued Recall a Scramble for Life

came the floor, recovered by climb-

ing up the lounge table less that

before long some sense settled in

and everyone was helping," said

Dick Murtland, a brawny truck

driver like Mr. Cardwell. Both of

them stayed aboard to hoist pas-

sengers to safety up the rescue ropes, dropped 30 feet down from the starboard portholes. Both

feared a high number of the miss-

ing might be their colleagues who

had stayed below decks sleeping in

their trucks before the ocean

One such driver, Joseph Kay, scrambled for his life from the cab

melee of panic. "It was terrible," he it was above me."

said. "There were men fighting be—
He could not recall how he was cause they wanted to get out."

able to get through the invading was their only possible escape before the boat plunged deeper.

There was fresh shock among the video when the boat shoped over. "sus help me!" But I couldn't do survivors when the first rescuers, heralded by sky flares, landed "Beenle was harded trough relief."

"Beenle was harded trough relief."

"Beenle was beenle at the contrary, sensing that breaking up and out was their only possible escape before the boat plunged deeper.

There was fresh shock among the survivors when the first rescuers, heralded by sky flares, landed "Beenle was harded trough relief."

were bolted to the deck.

ther down toward the lounge's ing. After the emergency lights had port-side wall as it tilted and be-held for only an instant, according

ere boited to the deck. heard echoing across the ocean "We climbed up the seats, and pool below, where empty life jack-

ping expert who writes for masi- Royal National Lifeboat Institu- than ships with deck areas divided time journals. "These ships are just tion. The ship will take in water by bulkheads.

> Roll-on, roll-off vessels have tions to separate cars -without incident since it was built ously considered.

Despite the generally good safety record, questions about the safety of roll-on, roll-off vessels have been raised in the past. In 1980, the In-

to passengers, the screams of peo-ple bobbing in the water could be

Survivors said they had shared

"I was thinking, Will it be

quick?" Mr. Southgate said, "And I thought, 'No, it will be slow,' and

just analyzing it that way was aw-

Thus, when some passengers

sought to break open the starboard

porthole windows, now up above,

here were screams from people

who feared that the last vital air

"Don't break the windows!"

But others feared to the contrary,

above at the portholes and an-

pocket would rush out.

came the cries.

Survivors said the darkness with-nounced that the passengers would

the conviction that the boat was

ets floated and glowed.

headed deep to the bottom.

been used as car ferries for decades make loading and unloading far throughout the world. The Herald more time-consuming. To date, of Free Enterprise had operated that alternative has not been seri-

Townsend Thoresen has 24 ferries, including two in the same class as the Herald of Free Enterprise. In the summer, the company is ex-pected to bring into service two super ferries" to make the crossing between Dover and the French port of Calais and carry about 2,000 passengers each, twice the

"They broke the windows and shouted down, "You're safe on a sand bar!" and I couldn't believe

year-old who was aboard with her

family on a bargain excursion at

"I had given up, blacked out," she said, describing her fear of

death. "Me mum pushed me back up from the water, and blokes came

from somewhere to hold me safe."

Mr. Cardwell, the truck driver,

said, "I thought it was a blessed

miracle when the boat stopped go-

said Rebecca Carbley, an 18-

ald of Free Enterprise.

The effect of the accident on the accident. ferry industry, which employs more some people to fly and others to is completed in 1993. out off the trip." said one maritime analyst. "But it is very hard to tunnel might be vulnerable to terknow how much."

Each year roughly 23 million passengers and 2.5 million cars make the trip by ferry and hovercraft between Britain and the Continent, with 250 crossings a day, making the waters the busiest sealanes in the world. Yet there have been only five major incidents involving passenger ferries in the last

Until now, the worst was in 1982 when six persons were killed when the European Gateway sank off England's east coast after colliding with another ferry.

Impact on Channel Plan The ferry disaster will likely heighten safety concerns about the tunnel under the English Channel that a British-French consortium plans to build. The Associated

Press reported from London. One of the fears about the proposed railroad link, known as Eur-

(Continued from Page 1)

said one potential scenario involves

a rapid shift in ballast that caused

the boat to lean a bit to port or

The doors would then be closer

to the water on the ferry's port side

or bow, perhaps close enough to

In such a case, the weight of the

water entering would make the

boat list even more, which in turn

would allow more water to enter

Another theory holds that a turn

by the boat, combined with the

force of an unexpected wave or

two, caused trucks in the vehicle

hold to lurch to port. This, the theory goes, could also be the source of an initial weight shift that

Paul Ovington, deputy director

public relations for Townsend

Thoresen, said the company be-

related to the accident, Reuters re-

["We have accepted that it is

ported from London.

caused the ship to tilt to port.

down in the bow.

the bow doors.

allow the water to enter.

FERRY: Water Entered Bow

number usually carried by the Her- France is that passengers would be engulfed by fire in the event of an

Plans call for trains to carry pasthan 10,000 people in Britain alone, sengers and cars from terminals is uncertain. "This will undoubted- near the ports of Folkestone, Enly damage the market, prompting gland, and Calais when the tunnel

> There also are concerns that the rorist attacks and sabotage.

> The tunnel consortium, a private group with no financial support from either the French or British government, insists that its plans for building and operating the 31mile (50-kilometer) tunnel are safe. Proponents point to the success with which the Swiss railroads have

been carrying passengers and their cars through Alpine tunnels for more than 30 years. Critics argue that the fact that passengers will remain with their

vehicles substantially increases the risk of a fire. Eurotunnel's plans call for three tunnels to be built. One would car-

ry northbound traffic, one southbound traffic and the third would be a central service tunnel.

nel, the other two could be used to evacuate passengers. Access points hetween tunnels are to be spaced otunnel, between Britain and every 1,237 feet (375 meters).

The ship's captain, David Lewry, survived the accident. He suffered

a punctured lung and was in inten-

sive care in St. Jans hospital in

Brugge. A doctor there said Mr.

The doctor said that until Sun-

Lewry's life was not in danger.

afternoon.

During an emergency in one tun-

Prime Minister Margaret Thatcher of Britain hugging Lisa Fisher, 4, at a hospital in Blankenberge, Belgium. Lisa and her parents, Paul and Barbra Fisher, of Northampton, England, were among the survivors of the ferry accident.

For Worried Relatives, A Bitterly Long and Tense Wait for News

By Howell Raines

LONDON - During the day, ters and lodged in the company emotionally drained relatives of the cafeteria. dozens of passengers listed by the "There was a surprising degree company as missing gathered at the of patience displayed," said Major Townsend Thoresen headquarters Eric Bentley, the leader of a group in Dover and at the Maidstone po- of Salvation Army counselors

day the captain had been unable to Television broadcasts concentalk with investigators. However, there were reports that he met briefly with some officials Sunday The disaster's survivors were tell-

ing gruesome stories of miraculous stricken vessel escapes. Most of the survivors apneared to have been in the upper sections of the boat, such as the tional memory. lounge, cafeteria and tax-free

When the boat began usually people apparently began sliding to a bridge so that others come the port side — instead of being to safety, of another man who clambered about the ship carrying the bolding its clothing

A net was stretched across the ferry's stern following reports that barrels of toxic matter were on

lieved that the loading doors were A Belgian official said 60 to 70 barrels were in the water, and an- her. "I've never told any lies." other 35 were retrieved, including something do with the doors," Mr. Ovington told reporters in Dover. one containing toxic matter that he at the ferry terminal in Dover, as That is how the water rushed in declined to identify. "There is relatives outside reportedly because there is no other hole in the nothing on that ship that is lethal to

New York Times Service

lice station in Kent.

trated on the debate over the safety of the roll-on, roll-off ferries. The the news." broadcasts on Saturday increasingfeatured tales of heroism from the dark, frigid interior of the

Some of those accounts seemed likely to etch themselves in the na-

The British Broadcasting Corp. carried stories of a missing man clenched in his teeth and of a little girl who complained about the un-fairness of dying in the accident.

"l've been ever such a good girl," she told the woman who rescued

There were moments of tension punched a photographer and jos-tled a television crew. Later, the group of 40 to 50 was taken inside the Townsend Thoresen headquar-

working in shifts at Dover. "Any kind of distress was not displayed in anger but at the delay in getting

"We've been rather surprised at the courage they're displaying." he added, saying most of the people waiting in Dover had relatives among the crew members, many of whom are also missing. "The main problem is this delay in news. People were very tense because they don't know whether their relatives

Jane Lawrence, a press officer for Townsend Thoresen, said employees had been hit hard emotionally by the accident.

"This is a family kind of company in many ways," she said, citing close bonds between crew members. "We're all very proud of the fleet and the company. We're very distraught about it all, really. It really has pulled us together. We're doing our best to make it as easy as possible for the people who have been affected by it."

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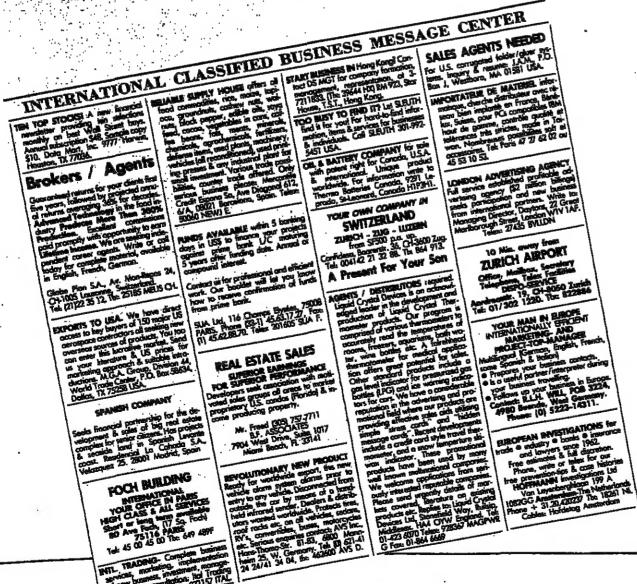
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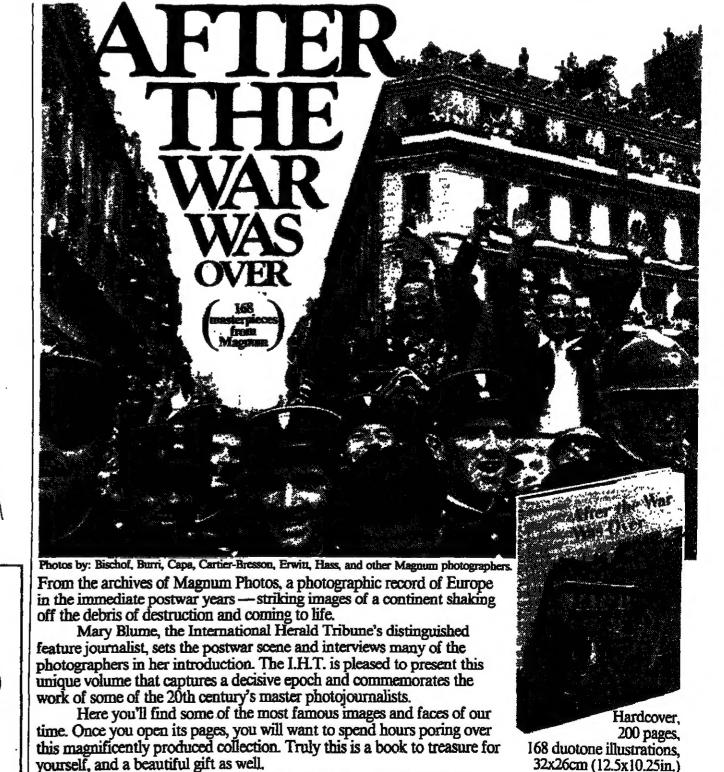
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Herald Eribune.

And What About Israel?

life imprisonment. He deserved severe punishment. He took money for stealing huge quantities of major U.S. secrets over a period of 18 months. To go easy because he was shoveling information to a country that is a friend would condone his compromising of specific secrets, of intelligence sources and methods and of American freedom of action. It would encourage hostile countries to recruit "false flag" spies (the KGB lured Jerry Whitworth of the Walker case to spy

for "Israel"). It would undermine security. And what about Israel? It acknowledges only a "rogue operation." But the handlers were responsible officials. Connections to the embassy were strong — the guilty man ran there. He was "tasked" biweekly. What he stole would have filled a small room, floor to ceiling. The material seems to have been eye-popping. So high officials, receiving this staggering take for all that time, never thought to ask where it came from?

Once their man had been caught, two of Mr. Poilard's handlers rushed back to Israel before they could be questioned. Only a small portion of the documents stolen were returned, and only copies. Having promised to "call to account" those involved, and having been advised that one of the two men. Colonel Aviem Sella, was about to be

Jonathan Pollard has been sentenced to indicted, the Israelis promoted him. Why? The suspicion is overwhelming that Israel did something terribly wrong and is now covering up and counting on its high strategic and political standing to spare it further costs. This is a country that enjoys extraordinary U.S. intelligence cooperation as a matter of course, that is moving to reap major new indirect forms of U.S. aid now that its extraordinary \$3 billion a year in direct aid is leveling off, and that is crucially dependent in the long run on American trust.

The State Department says U.S. officials will not deal with the indicted Colonel Sella. That is not enough. The Israelis owe the full story of the raid on American intelligence computers. The affairs and societies are different, but President Reagan has just set an excellent example of accountability. Will the Israelis prefer to wait for widespread American political exasperation and the consequent pressures that are sure to be urged?

The Israelis want to bury the affair. But it forces a fundamental probing of just what the mutual obligations of Israel and the United States are. Many people have a feeling of having been taken for a ride, and that feeling could take forms that the Israehis cannot possibly want to see. They need to do something about it - and fast.

-THE WASHINGTON POST.

A Third Reagan Term

mistake is this: You take your knocks, you learn your lessons and then you move on ... You put things in perspective. You pull your energies

together. You change. You go forward.
That does not sound like an inaugural address, yet an inaugural address is what President Reagan's speech last Wednesday amounted to, an appeal for a fresh start. He is desperately eager to extricate himself from the Iran-contra quagmire. One could almost hear him grit his teeth as he accepted responsibility, pledged obedience to the law, promised energetic leadership.

It is not in anyone's power to grant that fresh start. Questions about his credibility will hang like thunderclouds until Congress and the independent counsel conclude their investigations. Still, the world won't stop, and the commander in chief insists that he

is eager to command, to start again: My fellow Americans, I have a great deal that I want to accomplish with you and for you over the next two years.

If he is serious about governing, not just about escaping the muck, he is entitled to public support. Is he serious? To judge by what he says, the answer is an incredulous no. To judge by what he seems ready to do. it may be a hopeful yes.

On Thursday he expanded on what he wants to accomplish "with you and for you over the next two years." He cited his Strategic Defense Initiative, a constitutional amendment requiring a balanced budget, and anti-abortion legislation. That would be a dispiriting list, if only because the budget and abortion items are empty sloganeering.

Probably his most urgent task is to demonstrate respect for law in the foreign affairs arena, and here his pledges offer an encouraging start. His administration has the law concerning congressional tion; it will now be hard not to.

The missile defense initiative, while founded in hyperbole, has probably prompted Soviet flexibility on arms control. The news of Secretary of State George Shultz's mission to Moscow in April stirs hope that Mr. Reagan may yet find it possible, after the Reykjavik wreckage, to use his space-based defense scheme as a bargaining counter to negotiate reductions in nuclear weapons.

Will the president also be able to negotiate reductions with Congress in the awesome budget deficit? Not if he keeps insisting on the gimmick of a balanced budget amendment, and not if he keeps pretending that he believes the low deficit figures in his new budget. Congressional Democrats are now soberly willing to consider new taxes. Will the president go along and become fiscally responsible, finally?

Congressional Democrats, disposed to perilous protectionism, will not show similar responsibility on trade unless the president leads. He has sent Congress an appealing package of proposals to enhance U.S. competitiveness in world trade. What remains to be seen is how much he cares.

No legislation is needed to heal a grievous gap plain since the first days of the 1980 campaign: the need to demonstrate respect. and concern, for black Americans. The hostile chill they feel troubles Republicans and Democrats. For a president who wants to achieve a great deal "with you and for you over the next two years," racial and social justice would be a splendid place to start.

Arms control, fiscal responsibility and social justice are not a liberal or a conservative but a realistic agenda. Can it be realized? If so, the president would make his third term the one to remember.

- THE NEW YORK TIMES.

A New Role for Italy?

As prime minister, Bettino Craxi brought vitality and a sense of movement to Italy's politics, qualities that had been lacking for many years. Under him the Socialists have begun to emerge as the first non-Commu-nist counterweight to the Christian Democratic Party. The rivalry with the latter, and not any loss of public support, has now forced Mr. Craxi's resignation.

He had held the job for three and a half

years, the longest run of any prime minister in Italy's postwar history, and the Christian Democrats say it is their turn. Their candidate is Giulio Andreotti, five times prime minister and a sharp contrast to Mr. Craxi as the personification of his party's ingrown, highly cautious, almost invisible style of political management, Mr. Craxi resigned with a speech calling for sweeping reforms of Italy's political structure, a clear challenge to the Christian Democrats.

Hammering a new government together in these circumstances will take time, at best. But despite Mr. Craxi's high personal standing, there is no evidence that the balance among the parties is changing dramatically. Because Italy recalls Mussolini and the Fascist catastrophe with bitter clarity, a lot of voters consider passivity and stodginess in government to be positive virtues.

prosperous ones for Italy, as for all of the industrial democracies. The economy has grown steadily. Inflation has failen sharply, with as much political benefit to the Socialists in power in Italy as to the conservatives in power in the United States, Britain and West Germany. But if Mr. Craxi was lucky, he was also courageous, intervening force-fully to stabilize the economy.

He made several gestures — and they were highly popular — suggesting that the United States ought not to take Italy's unswerving support for granted. He refused, for example, to turn the Achille Lauro hijackers over to Washington, and last month he boycotted an international financial meeting on grounds that the United States and several others had settled the main questions before the Italians arrived.

More broadly, Italy argues that its economy is now as strong as Britain's and entitles it to similar status in the world's councils. But if it is to have that kind of status, it must be prepared to carry greater responsi-bilities than Italian governments have tradi-tionally wanted. That is another choice that Italians will have to take up, as they proceed to construct their next government.

-THE WASHINGTON POST.

Other Comment

Europeans Shouldn't Dally

The reaction of Western Europe to Mikhail Gorbachev's initiative to eliminate Euromissiles has puzzled the Russians. The truth is that West Europeans do want a deal, and their sniffy reaction is little more than a negotiating tactic. An agreement would bolster right-of-center governments across Western Europe. But at a time when the there seems no point in rushing to say yes. This strategy could be dangerous if taken

too far. It is possible that the negotiations in Geneva will get bogged down if NATO tries to squeeze the Russians too far, and that one fine day we will wake up to find that the nice Mr. Gorbachev has been replaced by a less congenial fellow. So it is important to be clear about what the West wants and then try to achieve it fast.

It is vital to demonstrate to ordinary West Europeans that firm defense policies can lead to disarmament.

Stephen Milligan, writing in The Sunday Times (London).

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OPINION

Look for a Treaty Before Summer's End

WASHINGTON — Strange bedfellows. It is not often that you will see the Reagan administration and the Soviet government on the same side of a nuclear debate. It is even rarer to see them arrayed together against a representative (albeit speaking for himself) of the quintessentially moderate Council on Foreign Relations.

But there they were on a television news show

last week. In this corner, the director of the U.S. Arms Control and Disarmament Agency, Kenneth Adelman, and the first secretary of the Soviet Embassy in Washington, Vitali Churkin. In the other, William Hyland, former Kissinger aide and editor of Foreign Affairs, the council's magazine.

The issue was Europsielles Witheil Gotheches.

The issue was Euromissiles, Mikhail Gorbachev, the Soviet leader, had offered Ronald Reagan what was originally a U.S. proposal: the "zero option," under which the Soviet Union and the United States would withdraw all their intermediate-range nuclear forces, or INF, from Europe.

because he had been holding an agreement on INF hostage to some U.S. concession on strategic de-fense. Mr. Reagan refused. Now Mr. Gorbachev announced that he was "delinking" the two issues. You proposed the zero option, he said. We accept. Will you take yes for an answer?

The Western reaction is a fascinating study in nuclear politics. Officially, West European governments have welcomed the proposal. Privately, they are worried that the removal of the Euromissiles will weaken the American nuclear guarantee that is

the pillar of their security.

This fear is shared by Mr. Hyland, Heary Kissinger and others traditionally associated with arms control. They oppose the zero option. On the other hand, the Reagan administration, hothed of nuclear hard-liners who reputed view arms control as a symptom of Western decadence, responded

By Charles Krauthammer

with enthusiasm. Within four days of the Gorba-chev offer, the administration had put a draft INF treaty on the table at Geneva. What is going on?

Mr. Reagan wants the treaty not just becau the Iran affair. True, a treaty would make Mrs. Reagan and Congress happy and almost certainly lead to a summit photo opportunity with Mr. Gorbachev. But the administration was quite propared to accept the zero option six months ago, long before Iran, long before it became a political necessity for an enfeebled president. The Reykja-vik meeting was meant to be an INF summit until

The war over INF has just begun, but the outcome can be predicted. The unilateralists will win.

Mr. Reagan and Mr. Gorbachev got to dreaming of a nuclear-free world and the summit blew up

over the Strategic Defense Initiative.
Why do hard-liners want a treaty on the intermediate-range missiles? To save SDL They recognize the liabilities of such a treaty: It will shake European elites who fought for deployment of U.S. Euromissiles and who fear a "decoupling" that will feed European neutralism. But they prefer the benefits: Negotiating an INF treaty will take up the remaining months of Mr. Reagan's presidency and show his bona fides as a peace lover and arms controller. That will leave little political impetus and no time for derailing SDI, either by emasculat-

ing it in Congress or bartering it at Geneva.

Given the choice between a nervous Europe and

an undefended America, they choose a nervous Europe. The INF treaty is God's gift to unilateralists tired of having to play psychiatrist and body-guard to allies unwilling to defend themselves. The coming war among Republicans over INF

will not be between pro- and anti-arms controllers. It will be between unilateralists and Atlanticists. Mr. Hyland is not against arms control, but he represents those who see the Atlantic alliance as America's paramount concern. In his memoirs, Alexander Haig called the 1981 zero option "a frivolous propaganda exercise." Mr. Hyland calls the new proposal "even worse." Why? Because it would "break the link between the defense of Wheter Physics and American memoirs."

Western Europe and American security."
Hard-line unilateralists argue that the purpose
of U.S. Euromissiles is to deter the Soviet SS-20s. If both systems come out, that deterrent function has been fulfilled in a rather convincing way.

No, say the Atlanticists. That is only one purpose. No, say the Atlanticists. That is only one purpose. The other role of the U.S. missiles is psychological. It guarantees a "coupling" of the United States to the defense of Europe. "We put those weapons in for political reasons to reassure our allies," Mr. Hyland said. "We put them in because we felt some kind of personal and it is a supersonal and it is a supersona psychological link was necessary to convince the Europeans that we would come to the defense of Western Europe if necessary, even using short-range or intermediate-range nuclear weapons."

To which the American unilateralist responds,

privately: Too bad. The Europeans had better start looking after their own defense. We must look after ours. Ours lies in the Strategic Defense Initiative, and the road to SDI lies through a treaty on medium-range missiles.

The war over INF has just begun, but the outcome can be predicted. The unilateralists will win. Look for a treaty before summer's end.

Washington Post Writers Group.

The President's Ordeal May Be Merely Beginning

N EW YORK — Despite the Tower commission's report, the popular appointment of Howard Baker as White House chief of staff and Ronald Reagan's artfully crafted and delivered speech last Wednes-day, the president's ordeal by investi-

gation is by no means over. First, as he himself says, the twin scandals of arms to the Iranians and funds to the contras "happened on my watch." No amount of moving "more furniture" or promises of fu-ture reform or calculated imagery can change that admitted fact.

Second, what exactly did happen on President Reagan's watch has not been adequately explored, let alone fully reported — as, again, his

own speech made clear.
For only the most gluring examples, what became of the millions collected from the arms sales, and from other governments, that were supposed to go to the contras? Can Mr. Reagan's sketchy memory and shaky command of facts — both now acknowledged by him - be relied on when he insists that he "didn't know about any diversion of funds to the contras"? The Tower report scarcely reached these questions.

He confessed to the nation that in managing the National Security Council, his "management style" did not work. Then he defined that style as "to identify the problem, find the right individuals to do the iob, and then let them so to it."

By Tom Wicker

If he really did identify the problem in Iran as one requiring arms sales to "those who might assume leadership in a post-Khomeini gov-ernment," he failed to convey it to the "right individuals." Instead, as he said himself, he let his "personal concern for the hostages" overnide his "geopolitical strategy."

That cannot fairly be blamed on "some who served me" or on "activities undertaken without my knowledge." His own account suggests that either Mr. Reagan mandated a failing rescue operation carried out by people he designated, doing what they understood him to want done; or what he and the Tower report called his "management style" was ignorance and sloth.

If proper records of major security actions were not kept, as he complained, that is not just oversight; that is bad administration, or coverup. If Mr. Reagan has now ordered that the NSC refrain from undertaking covert actions, and that Con-gress be consulted "not only in let-ter but in spirit," he is six years too late, and raises himself the question whether he has been taking care that the laws be faithfully executed. Lawrence Walsh, the special prosecutor the administration wanted, has not impressed close ob-

servers as vigorously pushing his

investigation. But the congress

inquiries that are now taking shape have constitutional, public-interest and political reasons to move beyoud the Tower commission's selfadmitted limitations.

The Senate committee will grant limited use immunity to Oliver North and John Poindexter, the former NSC officials who have refused on Fifth Amendment grounds to give their versions of events. That should open leads to the missing money, since Lieutenant Colonel North controlled one of the Swiss



ral Poindexter's testimony probably will be more valuable, disclosing far more than is now known about the extent of the president's involve-ment in the NSC's operations.

This will not prevent prosecution, necessary. Senate investigators think there may already be a case of obstruction of justice against Colo-nel North. They can tailor public interrogation to permit later prosecutions. In any event, learning the truth of what happened — with its constitutional and other implications - Outweighs the value of prosecutions against relatively minor figures.

Nor will Senate investigators be diverted to narrowly focus on "covert operations" when the more im-portant problem is "covert policy" — say, the public assertion by the administration that it would not sell arms to Iran, or ransom hostages, when it was covertly doing both. Similarly, while the administration professed publicly to be abiding by the law forbidding military aid to the contras, it was coverily using private means and foreign govern-ments to provide just such aid.

Senator Tower has insisted that the president did not "knowingly" mislead the public. But that is precisely what "covert policy" does, which is another good reason why Mr. Reagan's ordeal is not over and may be just beginning.

The New York Times.

Israelis Are Endangering the Israeli-U.S. Alliance

By Richard Cohen knew and when he knew it, are enti- and Chatila massacres of 1982 in Bei-

WASHINGTON — The Israeli-U.S. alliance, based on mutual admiration, shared values and common strategic interests, is being corrupted by Israel's contempt for American sensitivities.

Israel paid an American to turn spy, staked first claim to Soviet Jews preferred America over Israel posted a military attaché in Washington whose record is both controversial and repugnant. If the relationship were a marriage, it

would be heading toward the rocks.

Jonathan Jay Pollard was an Israeli spy. For that he was sentenced to life in prison. The documents he turned over to Israel were, by his own admission, extremely sensitive. They included reconnaissance photos that report-edly enabled Israel to bomb Yasser Arafat's PLO headquarters in Tunis - a near assassination for which the Arab world, reasonably enough, holds the United States accountable.

Intelligence information of that value, which was used at the highest levels of the Israeli government, is extremely hard to come by. Americans, who ask what their president

In its own way, Israel provided an answer. Rather than punish those implicated in the Pollard case, it rewarded them. For instance, Colonel Aviem Sella, indicted in the United

States for allegedly being Mr. Pol-lard's paymaster, was named to command Israel's second-largest air base. To all this, Israeli Prime Minister Yitzhak Shamir offers a nonchalant shrug of the shoulders. At a Washington breakfast, he appeared downrigh bored with both the Pollard affair and the fuss stirred up by Israel's role in the Iran-contra affair. Over and over, Mr. Shamir had the same re-

frain: "It's not important."

Maybe by itself it's not, but the Pollard case is just one example of Israeli contempt for American good will Israel recently named General Amos Yaron as military attaché even suffice. It posts a controversial military officer to the United States and an investigatory commission, he was relieved of command after the Sabra tion to do something about it. It as-

serts a right to Soviet Jews, forgetting or ignoring that America also consid-ers itself a haven for exiles. America tled to ask the same question of the lsraeli government.

The suppointment was an affront to Palestinian-Americans. Had they been Jews instead, it would never have been countenanced.

> plied for accreditation. His appointment, Ottawa diplomatically explained, was not "appropriate." More recently, Israel asked Washington to deny Soviet Jews automatic entry into the United States, saying they should go to Israel first. Mr. Shamir, who pleaded this cause in Washington last month, noted that Soviet Jews leave Russia ostensibly bound for Israel. Once out of the

> Soviet Union, though, many of them opt for the United States. They and Mr. Shamir obviously differ as to the precise location of the promised land. Israel's behavior smacks of arrogance. It employed Mr. Pollard and now acts as if a weak apology will

ing to the U.S. government.

Earlier, Mr. Pollard had planned to

"dissemble," or fabricate stories to

get the American investigators off Israel's back. During the first few

days of questioning by FBI agents, while he was still planning his escape to Israel, he made up all sorts of tales involving East Germany, Pakistan and other countries in order to contribute in order to contribute his interconnects. Firm after he

fuse his interrogators. Even after he was arrested outside the Israeli Embassy in Washington on Nov. 21, 1985, after unsuccessfully seeking

asylum there, he remained deter-mined to lie about his involvement

with Israel. He was going to be devoted to Israel until the end.

pected a life sentence. Now he and his wife, Anne, sentenced to five

years for assisting him, hope that somehow Israel will be able to negoti-

In January he told me that he ex-

has a historical mission, too, and while it is not biblical it is deeply felt. Israel enjoys great love and respect in America, particularly from a Jew-ish community which, like a mother, Canada rejected him when he ap-

has always been willing to forgive. But there are signs that it is taking America and the Jewish community for granted. The Pollard case is a nightmare-come-true for American Jews. In Mr. Pollard the Israelis created an anti-Semitic stereotype: an American Jew of confused loyalties who sold out his country. Indignation and shame are felt in equal measure.

The Israeli government seems to assume that American Jews will back it no matter what. A good deal of the time, unfortunately, that is correct. But the American Jewish community rejected Mr. Shamir's plan for Soviet Jews, squirmed at the posting of General Yaron (was there no other man?) and hurts from the wounds inflicted by the Pollard affair.

By its conduct, the Israeli government is eroding the ultimate basis for the close relationship between it and Washington. Despite repeated pro-nouncements about mutual geopolitical interests, the essence of the U.S.-Israeli relationship is respect and affection - two democracies that share values much of the world does not share. But friends do not spy on one another and they do not take each other for granted.

The Israeli government does not seem to understand that. What can we expect next year from Jerusalem? The Washington Post.

Recasting The Rivalry* In Europe

By Jim Hoagland

P ARIS — Try to imagine the scene in the Kremlin as Mikhail Gorbachev tells his general staff about his swell idea to rescue Ronald Reagan's presidency, pull nearly 1,000 Soviet nuclear warheads out of Europe and get European countries to think senously for the first time in three decades about common defense efforts.

"In return, comrade generals, by accepting Reagan's 'zero option,' we will touch off a great theological debate about the 'decoupling' of Ameri-ca and Europe. As Kissinger, Brze-zinski and the other strategists are already saying. I am Isunching a dev-ilishly clever plot to weaken capitalist resolve over the long hand. Is that not worth a thousand of your warheads?

Either Soviet generals are very dif-ferent from the American senior offi-cers I have known, or Mr. Gorbachev has persuaded them that he is up to something else. The recent sugges-tions in this space that Mr. Gorba." chev would revive the zero option and seek one last arms control sum. mit with Mr. Reagan will have flagged to readers that I think the

answer is "something else."

By reviving the zero option, Mr.

Gorbachev has marched up to the
Rubicon on military strategy. Despite
evident dangers for the Atlantic alliance in his latest move, it is in Atlantic ance in his latest move, it is in America's interest that he get across and bring his military with him. On the far shore lies a tacit but real acceptance that the Russians cannot achieve the kind of strategic superiority over the United States that they sought in the 1970s with their unrelenting buildap of heavy and mobile missile forces.

Mr. Gorbachev seems realistic enough to recognize that he came to power two years ago confronted by dramatically different "objective cir-cumstances." Besides enthusiastically building up the U.S. nuclear arrena the Reagan administration was bran dishing the threat to bundle Westerner military technology together in the Strategic Defense limitative, forcing military spending up to ever higher levels and smothering any progress by a reformed Soviet economy in its cab.

Mr. Gorbachev appears to have thrown his weight behind those Soviet military theorists like Marshal Nikolai Ogarkov who maintain that while nuclear weapons have their utility in grand strategy, Soviet d forts should now concentrate on re-

One of the keenest Western ob-servers of Soviet strategy, Professor John Erickson of Edinburgh University, returned from a recent visit to Moscow with the impression that So viet strategic doctrine may now be shifting toward a policy of miches "sufficiency" that would not require the present high levels of miches maments. He based this judgment on conversations with senior Soviet officials who told him that the Soviet Communist Party's Central Committee is modifying the "equal security" concept that underpinned the Sovie buildup of the last decade.

Viewed in isolation, the zero op-tion raises more problems than it solves at this point. Withdrawal of the U.S. Pershing-2 and ground-lamched cruise missies will inevitably raise questions throughout En-rope about U.S. resolve to help de-fend it. The initial vision of an SDI that would shield America alone from Russian missiles, and Mr. Rea-gan's performance at Reykjavik, have already planted seeds of doubt.

Moreover, the simultaneous pulling out of the U.S. missiles and Soviet SS-20 and SS-4 ballistic rockets will leave the Soviets at least temporarily with a significant advantage in shorter-range nuclear systems, pending new negotia-tions on this category of weapons. American leverage will be weak in these talks, and Mr. Gorbachev's willinguess to make some unilateral concessions will provide a key test of the theory that he is out to reduce Soviet

reliance on nuclear weapons. But the effort to get an agreement that leaves both sides with zero medium-range nuclear weapons in Europe should be viewed as part of a still unfolding attempt by Mr. Gorba to switch superpower rivalry from the nuclear/strategic playing field to another, still poorly defined arena. He obviously hopes that the intograted set of proposals he has pro-

sented to slash nuclear weapons and and to trim conventional forces "from the Atlantic to the Urals" willprovide the Soviet Union with significant advantage in that new arena But there is more than enough room for American negotiators and

strategists to prevent such a feared: result, and even to turn the trap on Mr. Gorbachev, if it is such. On balarce, negotiations on the zero option are now worth pursuing. The Washington Post

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: South Pole Found 1937: Japan and China LONDON - Captain Roald WASHINGTON - Foreign Minis-

Amundsen announces that he has ter Naotake Sato's speech before the discovered the South Pole and that Diet in Tokio on March Si was greethis object was attained between the 14th and the 17th of December, 1911. Others hope that Captain Robert Scott has also found the Pole. In fact, until he has been heard from, milions of Englishmen will cling to the belief that he reached the Pole first. This hesitancy in hailing Captain Amundsen is due in a measure to the

Diet in Tokio [on March 8] was greet ed with reserve here. It was pos out that the turnover in Japan's foreign policy was probably connected, with the Japanese-German entents. American officials pointed out that the foreign policies of Japan and Germany have common ends; elimination of any possibility of a Sino-Japa-nese war, and China's neutrality in the event of a war between Japan and

Pollard Was Israel's Responsibility and Still Is TSRAEL'S decision to cooperate The information about Mr. Pol-only 163 of the more than 1,000 doculard's espionage activities that Israel initially provided actually set the stage for his decision to seek a pleaments taken by Mr. Pollard, accord-

partially in the prosecution of spy Jonathan Jay Pollard was a blunder. In the process of providing only se-lective information to U.S. investiga-tors, Istael has seriously strained its relationship with the United States, and an American devoted to Israel has been sentenced to life in prison with virtually no chance of parole. Israel must accept a great deal of the

responsibility for this entire tragedy. It should not have "run" Mr. Pollard in the first place, no matter how valuable his information. As several angry U.S. officials have said, you don't bite the hand that feeds you.

Why Wait for Spin-Offs?

In response to the opinion column "SDI Spin-Off Might Improve Life Worldwide" (Feb. 19) by Geoffrey Passie, British minister of trade and industry: Mr. Pattie leads up to something that needs to be made clear: the development of abundant energy as a necessary step to world peace. There will be no peace until the world's needs are satisfied, energy being the main cause of political conflict. As for feasibility, if a ground-to-spaceto-ground laser can destroy a moving

missile a solar-powered space-toground laser can charge a land-based

Feeling betrayed and abandoned by Israel, he began to inform the prosecutors of even more incredible details involving the scope of the espionage ring — details left out by the Israeli officials. Israel has returned LETTER TO THE EDITOR

stage for his decision to seek a ptea-bargaining arrangement. He con-fessed and began to tell all only after discovering that the Israeli officials whom he had trusted and with whom he had worked had already given the U.S. government a considerable body of spidence assigns him.

of evidence against him.

energy collection system. The collec-tor design could be mechanically sim-ple, allowing easy erection in even the most remote parts of the world.

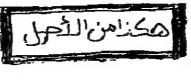
It is sad that we feel we must wait for spin-offs to a military program. Perhaps the Europeans will use the offer of the space shuttle to develop this technology. It would benefit all. Continuation of the present situa-tion would lead to destruction, with or without nuclear war. No one, one hopes, would suggest killing off the 40 percent of humanity whom we are

at present unable to support. MARK ROTHERMEL.

Konstanz, West Germany.

currespondent of the Jerusalem Post, writing in the Los Angeles Times.

ate a deal to get them deported to Israel. But what will Israel be able to silence of the Norwegian sailor, who, according to despatches from Hobart, Tasmania, where the Fram is offer the United States in return? silence of the Norwegian sailor, who, according to despatches from Hobart, Tasmania, where the Fram is now anchored, refuses to allow anyone to board the vessel. Captain Amundsen started from the Bay of Whales, 400 miles southeast of Mo-Murdo Sound, which was Captain Scott's starting point. Striking direct for the Pole, he would have a shorter Israeli intelligence experts recog-nize the seriousness of the problem. They know that other agents placed strategically and dangerously around the world are waiting to see what Israel does for Mr. Pollard — after what it did to him. - Wolf Blitzer, Washington for the Pole, he would have a shorter ence in Nanking by proposing to Chi-distance to cover than his rival na a new pact of friendship.



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man Catholic newspaper.

tions of national honor.

cally no Jews left in Poland."

try's anti-Semitic past has provoked outraged charges of anti-Polish libels and proud asser-

The debate has generated such heat that the editors of Tygodnik Powszechny, a Catholic

weekly that is also the country's most important

independent journal, recently told readers that

they had received many letters "whose emo-

tional language and tone do not deserve publi-

Direspondents," the editors said, "the letters

testify that anti-Semitism continues to exist in

the country, even though today there are practi-

appeared on the first page of the paper in

The article that touched off the controversy

A Beirut municipal worker painting over a mural of Ayatol-

lah Ruhollah Khomeini as part of a Syrian drive to remove posters of the Iranian leader and other Moslem leaders.

BEIRUT: Iran and Syria at Odds

creased pressure in the Christian litiamen would leave the govern-

sector for militiamen to turn their ment offices they are occupying

(Continued from Page 1) the SS-20" medium-range missiles. them all sorts of information about ["We still will have that imbal-

known as the Lebanese Forces

army contingents to take charge of law and order. Simultaneously, mi-

and hand the port of Beirut over to

ance," he said, "if they take the SS-20s out. The problem is, NATO is

not willing to come to grips with that, either through conventional

buildup or through innovative and bold arms control demands. We're

still going to have that problem."]

The treaty on medium-range missiles requires "intrusive verifi-cation," Mr. Shultz said, meaning

on-site inspection to supplement

the satellite photographs and elec-

tronic monitoring that are also

(Continued from Page 1)

earut in January.
The Syrian deployment has in-

positions over to the Lebanese

Green Line dividing the city, Chris-

tian militiamen stand guard along-side Christian units of the Leba-

nese Army. The gummen's presence

on the dividing line has been given

as a reason for the delay in reopen-

how wonderful everything could be

if only so and so happens and they're ready to do this and that."

"And all that is interesting," he said, "and we try to take it all in

and look at it and make use of it.

However, we also keep making the

point that none of that is opera-

tional. The only things that are op-

erational are things that they put

And the basic official channel is

He declined to give details on

what had been put into play con-cerning strategic arms, but he said

that some proposals from Reykja-vik were "inventoried and put in a posture where you could really

work on them" during the latest.

Mr. Shultz's trip to Moscow, planned for April 13-16, was sched-

uled after Mr. Gorbachev an-

nounced a week ago that he would

no longer link the elimination of

medium-range missiles in Europe

to a broader strategic arms accord.

"there seems to be some prospect,

round of Geneva talks.

into play in an official channel

Geneva."

ing more crossing points.

"Contrary to the assertion of some of our

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Jim Hoagland 13 Try to imprise its to be Kreenkin as Mikingi Goth he has general staff about the formation of the factors of the fac

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NAME OF TAXABLE PARTY. take at the comment Maria Con Control Di att de dies et al. - Table 1. Table 1. EFT THE PARTY The court of the second Mich west Mile Chara Allenda The state of the s dery amount of the Marin Sur Prompt Language and The State of t ME INDUSTRAL TO A STATE OF api per properties which is the same of the state of 1 200 mm A Property of the second

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gress Sunday on negotiations on of the law?" medium-range missiles as "in our The second of the second "The International Herwarned that such a treaty would imperil the U.S. and allied position vin Europe because of Soviet superiority in conventional, or nonnucle-Market St. Commercial

[Appearing on a television interhad an imbalance in the 1970s in had an imbalance in chemical conventional and in chemical arms "before the Soviets ever put in arms "before the Soviets ever p

Hot Debate Flares in Poland Over Charges of Anti-Semitism During World War II

By Michael T. Kaufman

New York Times Service

When York Times Service

A passionate debate over
whicher Poles bear any special responsibility
for the deaths of millions of Jews in World War

II has flared in Polend's most inflinential Ro-January under the title, "Poor Poles Look at the Ghetto." In the article, Jan Blonski, a well-known literary entic, agonized over what the moral response and attitude of Poles should be to the Il has flared in Poland's most influential Rogenocide of Jews that took place at camps in In the paper, Tygodnik Powszechny, an artioland within the memory of many still alive. cle that is a soul-searching confession of shame and a call for the acknowledgment of the countries. Mr. Blonski sought to draw distinctions be-

gentiles for hiding and defending Jews than it had citizens of any other country.

He conceded that the risk was great for Christian Poles, as they were "next in line to the gas chambers." He noted that, since the Middle Ages, Poland invited Jews to settle when other European states expelled them.

And he also recalled the view of historians

The editors of Tygodnik Powszechny, a Catholic weekly that is also Poland's most important independent journal, recently told readers that they had received many letters in the debate 'whose emotional language and tone do not deserve publication.

tween culpability for the fate of the Jews, which lies with the Nazis and their collaborators, and the moral responsibility to acknowledge that fate and its meaning for the Polish nation. Yes, he said, Christian Poles also suffered

enormously during the war, and in Poland, unlike other countries, there were no Quisling collaborators at the national level. He acknowle edged that Israel had honored more Polish

who cite the natural increase of Jews in Poland in the 18th and 19th centuries as proof that they were better off in Poland than elsewhere.

But against these facts Mr. Blonski cited two overriding images from the poetry of Czeslaw Milosz, the Nobel Prize-winning Polish émigré

The first, from a poem called "Campo di Fiori," deals with a Sunday in Warsaw in 1943

children rode on a merry-go-round outside the walls of the burning ghetto.

In the second work, called "A Poor Pole Looks at the Ghetto," the poet reflects the dread he feels as he imagines a molelike watchman touching the bodies beneath the rubble of

the ghetto. The poet ends the second poem with an expression of a guilt that links passivity to collaboration. He wrote:

What am I going to say, me a Jew of the New Who has been waiting for 2,000 years for Jesus

to return? Ny broken body will betray me in His sight, And He will include me, uncircumcised, among the accomplices of death.

Mr. Blonski said that in moral terms, the issues suggested in the poems demanded expia-

"And how is this to be done?" he asked. "To clean Cain's field, we must first remember Abel. Abel did not live apart. He lived in our house, on our soil. His blood remains on the walls and has sunk into the soil whether we want it or not. It has penetrated our memory

and ourselves, thus we must purify ourselves by seeing ourselves truly. Without that, the house, preventing our giving greater help to Jews." seeing ourselves truly. Without that, the house, the soil and ourselves shall remain branded.

الهكذامن المتحل

The strongest rebuttal so far has come from Władysław Sila-Nowicki, 74, a lawyer who took part in the wartime resistance and served five years in prison after the war for his anti-Communist underground activities. He was once an adviser to the Solidarity free trade union.

In his response, printed in the Catholic weekly, Mr. Sila-Nowicki attacked Mr. Blonski for unintentionally supporting anti-Polish propaganda aimed not at the government but at the

Of the war, he wrote: "What could we do? Attack the concentration camps with the forces we had? To suffer enormous losses and doom all those in the camps? Let no one lecture us about unfulfilled moral duties, and let not Mr. Blonski say, as he did in his extremely harmful and untrue piece, that we came close to the crime of genocide."

At another point, responding to Mr. Blonski's accusation that more might have been done to rescue Jews, Mr. Sila-Nowicki wrote, "The passivity of Jews and their submission to Ger- on to shout, 'Crucify him, crucify him!'

He mentioned his own associations with people he described as Jewish friends who died at the hands of the Nazis.

There is a large body of Polish opinion that would not consider itself anti-Semitic but that emotionally supports Mr. Sila-Nowicki's views and would regard Mr. Blonski as a defiler of national honor. Such people see themselves as members of a victimized nation, oppressed by both Nazi and Soviet occupiers and often betraved by the West, for whose support it yearns.

But there also are people with such assumptions who would qualify as anti-Semites. Mr. Sila-Nowicki's critics are divided on how to categorize him. Those who regard the letter as an expression of an old-fashioned bigotry point to his use of phrases suggesting collective failings and guilt of Jews.

For example, Mr. Sila-Nowicki, after saying the persistence of Jews was cultural and not biological, wrote, "In their veins flows only I percent of the blood of those people who shout-ed hosanna to the son of David and later went

In Nigeria, an Economic Recovery Fueled by Pride

By Blaine Harden Washington Past Service LAGOS — This is the African

country that parlayed a \$100 bil-lion windfall into a national curse. The oil boom from 1973 to 1981 crippled the livelihoods of the farming majority, hooked city peo-ple on subsidized imports and saddled the nation with an estimated \$18 billion debt. As Nigerians have acknowledged, it was their own inepi, corrupt government that squandered much of the oil money.

So it borders on the astonish that Nigeria, having been jolted by two military coups in the past 38 months, is now being lauded by the World Bank and the United States as a role model in Africa for freemarket changes and responsible

"Nigeria has embacked on the most comprehensive economic adjustment program in Africa so far," said Ishrat Husain, the representative here for the World Bank, "We were never expecting them to do as much as they have done." Nigeria's transformation was not

entirely voluntary. It was forced by last year's collapse of oil prices. Foreign debt became unpayable and shippers stopped delivering goods. Economic activity almost ground to a halt.

But the past year's radical economic change appears to be more than a last-chance maneuver to Beirut. They were kidnapped in would withdraw from the streets in Beirut to enable Christian avoid default. It derives from the distinctively obdurate nationalism of the Nigerian people and the deft manipulation of that nationalism by Major General Ibrahim Babangida, the country's leader.



Ibrahim Babangida

"Nigerians are so self-centered that they don't make rational decisions when the choices are imposed on them from the outside," said Tony Momoh, minister of information and culture. "Nigerians believe there are things superior to reasoning. Things such as pride."

It was pride that kept Nigeria from accepting a loan of \$2.4 bilsion from the International Monetary Fund in 1985, the year General
Babangida seized power in a bloodsymbot of Nigerian pride. A dollar
now buys nearly four naira.

The conomic adjustment package has so pleased creditors that
country's middle class, which had

or a coup d'état."

The economic adjustment package has so pleased creditors that
country's middle class, which had

"If the government can sustain
these changes," Mr. Husain said,
"Nigeria has been able to reschedule
of Africa."

its knees last year.

Shortly after coming to power, General Babangida opened what became known as the "Great IMF Debate." In the debate, a uniquely Nigerian plebiscite-cum-shoutingmatch that was carried on in the pages of the country's daily press, it soon became clear that the public saw the International Monetary Fund and its demand for economic reform as insidious instruments of greedy Westerners.

In addition, many Nigerians, having watched their leaders waste billions of dollars of oil money, said a loan would only increase the national debt by allowing officials to squirrel away more public funds in foreign banks.

General Babangida abided by the public's will and rejected the IMF loan. Then he began to put in place what Western economists call the most rigorous free-market changes ever adopted in an African

The U.S. ambassador, Princeton N. Lyman, said, "It has registered on a lot of people in the U.S. government that this is one of the most exciting economic reforms in Afri-

The changes have led to a drastic devaluation of the naira, the currency whose one-to-one parity with the dollar had been considered a symbol of Nigerian pride. A dollar

naira, fell victim to market forces, percent of export earnings went to fares doubled. School fees quadrupled for the 100,000 Nigerian families who send their children to

study abroad. The changes abolished an import licensing system that had made millionaires out of hundreds of Nigerians who used relatives and friends in the Ministry of Trade to obtain import licenses and resold import spare parts. Now businessmen simply import what they can pay for.

In broad outline, the reform package penalized the urban elite in favor of farmers. This is a risky business in Africa, where political power is concentrated among city

ment are preaching across Africa, General Babangida appears to have persuaded a large portion of the Nigerian public that his re-

forms are "home-grown."
In his 1987 budget speech, he said that "our structural adjust-

same thing under the aegis of the IMF, there would have been riots

less coup. The money probably been subsidized by the overvalued most of its debt. Two years ago, 44 would have prevented the debt naira, fell victim to market forces, percent of export earnings went to crunch that brought this country to Car prices tripled. International air service foreign debt. This year, the government says, that burden has been cut in half.

While international banks and Western governments are delighted with the reform package, it has pro-voked howls of distress from the country's manufacturers. The reforms sharply reduced the number of imports banned from Nigeria, making local manufacturers vulthem to businessmen desperate to nerable to world competition for the first time.

Nigerians are paying a painful price for change.

Average per capita income for the country's 105 million people is 25 percent less now than in 1974. College graduates are all but unable to find professional-level jobs. according to recent press reports And while the changes embraced here. The nation's factories, actually free enterprise theology that the literational Monetary Fund, the World Bank and the U.S. govern-

Fortunately for the govern-ment's survival, the reform has coincided with two years of bumper crops. Local prices of staple foods have fallen in the past year.

Unlike most African countries facing several years of austerity as ment program was produced by they rebuild their economies, Nige-Nigerians for Nigerians."
It is a political masterpiece,"
and Mr. Husain, the World Bank
nigerians for Nigerians."
It is a political masterpiece,"
the oil revenue, even in a weak
world market, can cushion the official. "If he had done exactly the transition from an oil-addicted to a mixed economy, according to econ-

SWAPO Leader Assails U.S. Plan For Base in Zaire

HARARE. Zimbabwe -Sam Nujoma, a guerrilla leader in South-West Africa, has criticized a U.S. proposal to use a military base in Zaire and urged the Organization of African Unity to intervene and halt the

He said the United States could use the base to intervene in the continent, especially in southern Africa, The base, Mr. Nujoma added, "is a threat to Africa as a whole because the front-line states could become

victims of American actions like the bombing of Libya." Mr. Nujoma, head of the South-West Africa People's Organization, made the statement Saturday to the Zimbabwean news agency Ziana. The fronttine states — Angola, Botswa-na, Tanzania, Mozambique, Zambia and Zimbabwe - are leading black Africa's fight against white-ruled South Afri-

The United States has said it is considering asking Zaire for access to a military base at Kamina, built by Belgium more than 20 years ago, for unspecified use in the future. Mr. Nujoma, who was in

Zimbabwe for talks with Prime Minister Robert Mugabe, arrived in Spain on Sunday for a four-day visit and a meeting with Prime Minister Felipe

IMMUNITY: Grants Discussed

President Amin Gemayel, a

Margnite Catholic who is now engaged in regotiations with the Syrians, has instructed his military

Margnite Catholic who is now engaged in regotiations with the Syrians, has instructed his military Shitte Amal militia, expelled a for-The shake-up came after an

shem, Amal's former deputy chair-man, to wrest control of Amal in southern Lebanon on March 1. An official Amel statement said that lawyers associated with the Irancontra investigations. At least six Press reports said that, under a Mr. Hashem was expelled while plan sponsored by Mr. Gemayel, four other southern regional Amal combetants of the Christian militia officers were dismissed. of those attorneys have expressed amazement that the White House has been handing out internal documents to various investigators, of-SHULTZ: Hopeful on Arms Talks ten without reading them or mak-

The possible testimony of Admiral Poindexter is seen as potentially the most serious problem for the president, one source said.

Admiral Poindexter has told

friends that he is not ashamed of his actions or sorry for anything that happened while he was national security adviser. He has said he expects to be vindicated by history. He told one close U.S. Navy associate in December that his actions followed "the chain of command," according to this associate, who declined to be identified. A well-placed legal source said that in the first week; after his

used to confirm compliance with departure from the White House arms agreements. Soviet negotiaon Nov. 25, Admiral Poindexter and his attorneys planned to cou-

aides to draw up a security plan for mer second in command on Satur-Christian East. Bearut with the day and dismissed other officers of ry evidence that may prove gan there was an illegal diversion of money, but rather that funds for declined to say if this is the defense

Admiral Poindexter and his attorneys have repeatedly declined to comment. A friend of Admiral Poindexter said Saturday that the ongoing investigations have upset the "straight-arrow" admiral and that "his insides are tearing him

The Tower review commission report indicates that Colonel North believed Mr. Reagan was aware of many of his activities, including the arms-for-hostages dealings with Iran and Colonel North's help for private fund-raising for the rebels fighting Nicaragua's Sandinist gov-

The Tower report contains an April 1986 memorandum that Col-onel North prepared for Mr. Reagan, in which Colonel North said that \$12 million from one Iranian shipment would be provided to the contras. The Tower board found no evidence that Mr. Reagan read or received the memo.

According to this source, Admi- he can stay out of prison.

ing to informed sources.

abortive attempt by Hassan Ha-

tors have reportedly advocated such on-site verification as well. "Everybody is edgy about intu-sive verification." Mr. Shultz add-ed, "including us, including the So-viets. But I think that it's arms sales to Iran were generating something that we all have to face money for the contras.

eventual sim of remiting the city. the movement in southern Lebarelevant. Some handwritten presimoney, but rather that funds for On the East Beaut side of the non, The Associated Press reported dential notes that may bear on the the contras contributed by Iranians case have not been examined or or Israelis were "an ancillary beneprovided to investigators, accord- fit" of the arms sales. The source The White House's failure until Admiral Poindexter plans to use.

Three sources said last week that Colonel North is asserting to his friends in the U.S. Marine Corps that he has remained silent thus far to protect the president. According to another source, Colonel North's lawyer, Brendan V. Sullivan Jr., has advised him that if he keeps quiet,

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TOUGH: Moscow's Body-Builders SHARE:

(Continued from Page 1)

As a result, Mr. Shultz said, Soviet way of life," one of the Lynbers reportedly told the Ogon-yok writer. We want to drive them from the capital."

perhaps a pretty good prospect, of getting something worked out in the INF field." The medium-range The author, in the end, was unmissiles are called intermediate nucertain whether the Lyubers were Pear forces, or INF.
Mr. Shultz added: "We place rightist ideologues, bored teen-agers, or hooligans manipulated by grownups grooming the youngsters for criminal activities. But he suggreat importance on the 50-percent cuts in strategic arms, and we want to keep that very much in the foregested that the conformist Soviet front. And the prospects there, of authorities had turned a blind eye course, are less clear, but that

course, are less clear, out that to the victims. In Washington, Scharter and the situation where certain groups in any case we don't go in for beat-Nunn, Democrat or any case of teen-agers don't believe they are ing people," entitled to apply for the protestion chantilan of the welcomed provinces Committee, welcomed provinces Committee, welcomed provinces continued to apply for the protection

Soviet officials at first contributed to the spread of Lyuber lore. interest. The interest But he when police plainclothesmen attacked Jewish demonstrators on a Moscow pedestrian mall last month, a Soviet government spokesman cited the Ogonyok artionty in convenient weapons. cle and asserted the violence was

In Sovetskaya Rossiya, in an interview under the headline "They Created the Myth of the Lyubers."

Academics' Plea (Continued from Page 1) Major General Goncharev said the Ogonyok article was "all based on rumors, conjectures, exaggerations, juggling of the facts."

In Lyubertsi, a group of young body-builders who had been interviewed earlier by Ogonyok said they were embittered by the article. "They made us out to be a band

of hooligans," said Gennadi Mikheyev, an 18-year-old electronics "Let's think about this," he student at a technical school. "We to work on them."

Senator Sam wrote. "Didn't we ourselves create rarely go to Moscow at night, and the situation where certain groups." He and his friends conceded that

> hippies and punks. But they said the concept of a vigilante squad had been fabricated. Mr. Mikheyev is one of a dozen youngsters who work out regularly

in a makeshift gym in the basement of a five-story apartment building. The police say they have counted more than 50 such clubs involving

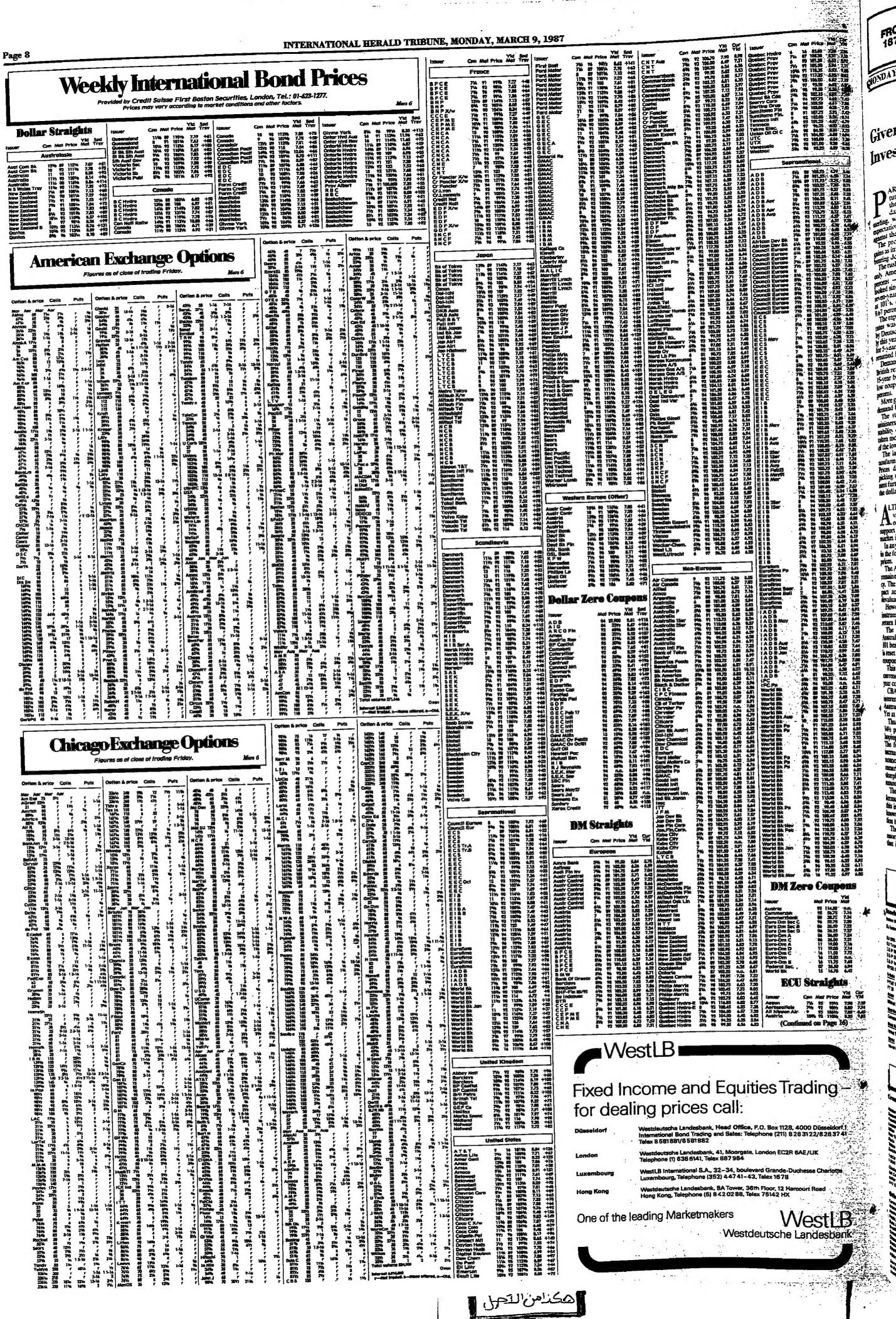
chambers of the Parliament, but Mr. Botha has ruled out setting up a fourth chamber for the nation black majority. The academics said their group,

known as "Discussion Group '85,"

curity situation. Parties on the left and right, meanwhile, stepped up efforts to form alliances for the May election. Colin Eglin, leader of the liberal Progressive Federal Party, launched his party's campaign Saturday with an appeal for other politicians committed to reforming

apartheid to join in an alliance. they did not have a high regard for Rightists in Election Pact Andries Treumicht, the leader of the extreme right Conservative Party of South Africa, said Sunday that he had conditionally accepted a unity pact offered by Eugene Terre Blanche, the leader of the paramilitary Afrikaner Resistance Movement, Agence France-Press

reported from Johannesburg."



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Futures Markets: A Contract Glut

N PAPER, THE PRODUCT looked terrifie: a futures contract based on the U.S. Consumer Price Index. Individuals and companies, experis reasoned, are always worned about inflation and

peris reasoned, are always worried about inflation and could use the instrument to hedge their risk. At the same time, anyone with an opinion about where prices were headed could place a speculative bet. In the trading pits at New York's Coffee, Sugar & Cocoa Exchange, however, the reality has proved somewhat different. The contract has drawn little interest since its debut in 1985, and efforts to resuscitate it have so far falled to stir investors.

"I had no idea it would be such a dud," says Paul Samuelson, a noted Massachusetts Institute of Technology economist who had voiced some early support for the contract. "Obviously the fact that inflation has been modest is part of the story."

been modest is part of the story."

The CPI futures are hardly alone in their fate. Mark Powers, a leading consultant to U.S. exchanges, says that at least 80 percent of the roughly 200 futures contracts introduced since 1970 have foundered, and the picture has been only somewhat brighter for new options contracts. Many of the new instruments suffer from poor timing or faulty market research, while others may simply seem too complicated.

T EVERTHELESS, THE NATION'S competing options and futures exchanges commue to churn out a parade of new instruments, hared by the spectacular success of a handful of existing instruments. At the futures exchanges alone, at least 10

instruments. At the futures exchanges alone, at least 10 new instruments are in the planning stages.

And, increasingly, the exchanges are becoming more sophisticated in pitching their wares. The American Stock Exchange, which also trades options on stocks and stock indexes, recently launched its first television advertising, for example, and the Philadelphia Stock Exchange has been running video adis for its currency options on certain international air flights.

But hype alone will not create a market for a new instrument. The Coffee, Sugar & Coope Exchange last

instrument. The Coffee, Sugar & Cocce Exchange last year went so far as to offer a free vacation in Bolivia (which then had the world's highest inflation rate) as first prize in a promotional contest to spotlight the CPI futures, but little additional trading resulted. This year. as days pass with no trading at all, the exchange is tinkering with the contract's specifications. Unquestionably the most levish, and falled, market-

mg in recent years stemmed from the 1985 introducing in recent years stammed from the 1985 introduc-tion of futures based on indexes of over-the-counter stocks. After the Chicago Board of Trade, the world's largest futures exchange; and the Chicago Mercantile Exchange, the second-largest, spent a total of at least \$4 million pushing competing instruments, a simple truth became clear. Traders had little interest in one such contract, let alone two. "Both exchanges shot themselves in the foot," says William Murschel, a spokesman for the Board of Trade.

Last year's offering of new instruments was decidedly lackluster. Futures based on an index of commodity Exchange, while trading in new options on an index of volatile stocks was allow at the New York Stock Exchange. Two exchanges served up futures on the Euro-pean currency unit, but even the leader, the New York Cotton Exchange, reported only modest volume. Perhaps the most successful innovation last year was

Perhaps the most successful innovation last year was a new version of an old instrument: options on the Standard & Poor's 500-stock index, traded on the Chicago Board Options Exchange Partly in response, the American Stock Exchange launched options on an index of 75 stocks commonly held by institutional investors. The Chicago Board of Trade liked that index enough to lay plans for futures contracts on the index.

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ESPITE THE MEXED PERFORMANCE, the parade shows no signs of stopping anytime soon. The Board of Trade's plans have a decidedly international flavor, including futures on three indexes of British Canadian and Japanese stocks, as well as futures based on Yen bonds and Eurobonds. The New York Futures Exchange is preparing con-

tracts on three other stock indexes.

The Chicago Merc and the New York Cotton Exchange are both planning futures on indexes of Trea-sury securities, while the Commodity Exchange in New York and the Board of Trade are readying futures on indexes of corporate bonds. The New York Mer-cantile Exchange, which successfully launched crude-oil futures last year, is looking to options on heating-oil

All this might seem excessive, and the sheer abundance of instruments can cause some real problems. "It's difficult to educate brokers and users about each new product," says Jack Barbanel, director of futures at Gruntal & Co. Mr. Powers, the consultant, adds, "Consumers can get overwhelmed by what I call futures shock syndrome."

But these and other e perts generally applaud the exchanges competitive efforts on the new-instruments front. "It's good" he user because it increases the user's choice: " has an advice president at J.P. Morgan Investment Management. And Mr. Samuelson, the economist, adds that

ment. And Mr. Samuelson, the economist, adds that any problems arising from unnecessary instruments "will cure themselves by Darwinian forces."

Phil Roosevelt

UPDATE

Sterling's Rise

N THE ABSENCE of the speculative fervor that prevailed before last month's vague Group of Five agreement to stabilize the dollar, currency markets are turning their attention to fundamentals in general and the British pound in particular.

Brendan Brown, chief international economist for County Bank in London, cites the wide spread between British and continental interest rates as a major rween prinsu and commental interest rates as a major reason for sterling's popularity. Long-term government bonds in Britain are yielding just under 10 percent. Such bonds in West Germany and Japan are pielding about 6 percent and 5 percent. yielding about 6 percent and 5 percent, respectively. Moreover, Mr. Brown notes "a growing perception that the British economy is doing well." He expects economic growth to average 3 percent or more this year, roughly double the forecast for Germany.

year, roughly double the forecast for Germany.

Despite expectations of a slight recovery in the dollar and a 1-percentage point reduction in Britain's base lending rates, Mr. Brown sees sterling remaining relatively attractive at around \$1.50 in the near term. Against the Deutsche mark, he believes that the pound and from 2.8 to 2.9 marks Transit fluctuate in a narrow band from 2.8 to 2.9 marks Transit fluctuate in a narrow band from 2.8 to 2.9 marks Transit fluctuate in a narrow band from 2.8 to 2.9 marks Transit fluctuate in a narrow band from 2.8 to 2.9 marks Transit fluctuate in a narrow band from 2.8 to 2.9 marks Transit fluctuate in a narrow band from 2.8 to 2.9 marks Transit fluctuate in a narrow band from 2.8 to 2.9 marks Transit fluctuate in a narrow band from 2.8 to 2.9 marks Transit fluctuate in a narrow band from 2.8 to 2.9 marks Transit fluctuate in a narrow band from 2.8 to 2.9 marks Transit fluctuate in a narrow band from 2.8 to 2.9 marks Transit fluctuate in a narrow band from 2.8 to 2.9 marks Transit fluctuate in a narrow band from 2.8 to 2.9 marks Transit fluctuate in a narrow band from 2.8 to 2.9 marks Transit fluctuate in a narrow band from 2.8 to 2.9 marks Transit fluctuate in a narrow band from 2.8 to 2.9 marks Transit fluctuate in a narrow band from 2.8 to 2.9 marks Transit fluctuate in a narrow band from 2.8 to 2.9 marks Transit fluctuate in a narrow band fluctuate in a narrow Against the Deutsche mans, he beared that the pound, will fluctuate in a narrow band from 28 to 29 marks. John Mechan

Hong Kong's New Stature Among Investors

Anxieties about the future have been put aside as the rally charges ahead.

By Patrick Smith

N THE CROWDED FINANCIAL DISTRICT known simply as Central, market talk is on everyone's lips these days. Stock tickers in the windows of local banks draw swarms of

the windows of local banks draw swarms of investors at hinch hour. Brokers and analysts are looking happy but distinctly haggard.

These are boom times for the Hong Kong stock market. The local Heng Seng Index, which has been challenging its record regularly in recent weeks, has risen 60 percent since mid-1986 and is up more than 10 percent in just the first two months of this year. Volume is also hitting peaks; new issues are consumed as fast as they are introduced.

It is a classic surge in many respects, driven by low interest rates, excess liquidity and a healthy economy. But the extraordinary ascent this market began eight months ago also marks a milestone in its effort to gain

months ago also marks a milestone in its effort to gain

recognition among international equity investors.

As in no other boom before it, this one has been fueled less by local speculation than by solid institutional buying from Europe, the United States, Japan and Australia. Long considered too volatile for most foreign investors, Hong Kong can no longer be ignored, as it was only a year or two ago, in any diversified equity portfolio.

diversified equity portfolio.

"People woke up to Hong Kong last summer," says
Duncan P.F. Mount, managing director of Gartmore
(Hong Kong) Ltd., a unit of the London-based fund
management concern. "Ever since, we've been going
through a basic reassessment of this market's interna-

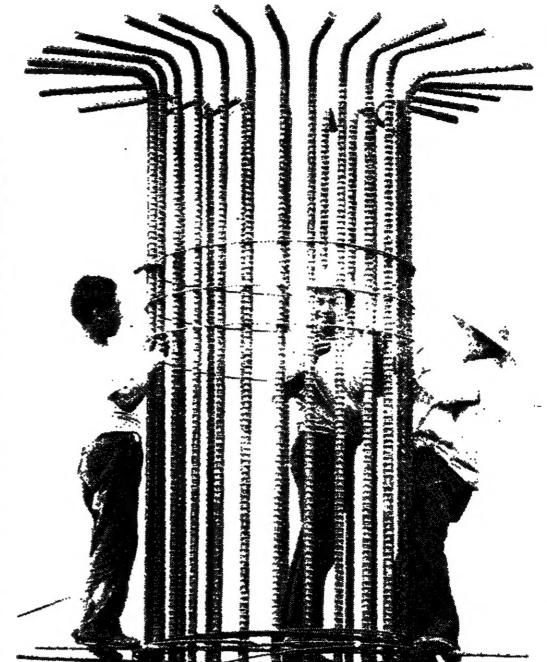
In part this reflects the relative attractiveness of Hong Kong's average price-earnings multiple, which now stands at 15 or so. Although this is close to the market's historic high, many analysts view it as unrealistically low given the current level of cash in the hands of big international investors, low interest rates

worldwide and low inflation rates.

"The question is, should Hong Kong be trading at 15 times earnings when Tokyo is at 50 and Singapore at 30?" Mr. Mount says.

Hong Kong, which has linked its currency to the U.S. dollar since late 1983, has also benefited from the

recent shift of funds from strong-currency markets, such as West Germany, into markets denominated in weak currencies. And while local investors were net



of Hong Kong dol 2,200 - Hang Seng Index Source: Jardine Fleming Broking Us

Workers tying up reinforcement rods at a Hong Kong building site. Property stocks account for a big portion of the stock market's capitalization.

sellers a year ago, they have now joined foreign buyers

in pushing up stock prices.

Hong Kong has positioned itself well for the cur-Hong Kong has positioned itself well for the current equity boom. Last April, the territory's four separate exchanges were unified and computers replaced the blackboards and the old "open outery" system. Together with a set of tighter regulations and supervisory procedures, this has been intended to make the market more bospitable to institutional investors and foreign individuals.

There is little question that the exchange's new look has beloned. A pagent in flow of courses, apposition

has belped. A recent influx of overseas securities dealers - there are now 16, with more on the way has left Hong Kong, if anything, over-brokered. And as a broad indicator of overseas participation, daily volume is now routinely above 1 billion Hong Kong dollars (\$128 million), more than double its level only

a year ago.

Along with the market's new sense of maturity, its basic role is also evolving. Guangdong Enterprises (Holdings) Ltd., a Chinese conglomerate based in Chinese conglomerate based in neighboring Guangdong province, is about to become the first mainland entity to list its shares in Hong Kong. Bel Fuse Ltd., a small electronics concern that is expanding its Asian activities, will soon become the first American company to do so.

Reflecting the gradual modernization of manage-

ment techniques among local companies, more of them are also coming to the market, and analysts judge their offerings to be of higher quality than they would have been even a few years ago.

"These companies are now much more accessible," says David Harding, a director at Thornton Manage-

(Continued on Page 10)

Finding Winners In the Profit Race

Earnings look healthy, but beware leaning too heavily on the forecasts.

By Alex Barnum

ORPORATE PROFITS, until recently only a side show in the stock market's long-running rally, have become the main attraction on Wall Street. But ing true value among the companies that are fast stealing the limelight with

their accelerating profit growth.

Since the beginning of the bull market in 1982, Standard & Poor's list of 500 companies has posted average annual earnings increases of 3.7 percent. By contrast, profits are expected to rise 16.7 percent this year to \$17.09 a share, and another 14.5 percent in 1988, to \$19.56 a share, according to a consensus of Wall Street forecasts compiled by the Institutional Brokers Estimate

"The common denominator is that earnings are going to be greater this year," says Eric T. Miller, chief invest-ment officer at Donaldson, Lufkin & Jenrette Securities Corp. "There is no great interest rate or inflation factor driving the market."

The market's emerging stars are corporations that have gone through the painful process of restructuring and streamlining while dramatically improving profit margins.

"A lot of companies," says Alan Greenspan, an economist and president of Torontecod Crassenson & Co.

dent of Townsend-Greenspan & Co., "have been reducing unit costs to the point where any increase in volume of sales would translate into significant improvements in profits."

Also contributing to the brighter profit picture is improved export sales, thanks to the declining dollar and the

changing tax structure.
"Tax reform," says Martin D. Sass, president of M.D. Sass Investors Services Inc., "is a good-news, bad-news situation." Although companies lose the investment tax credit this year, he says, they will be more than compensated by the lower marginal tax rate of 34 percent in 1988.

A central issue for investors is how to use the data on earnings. Analysis are wary of buying stocks solely on the basis of projected earnings, partly be-cause of the uncertainty of those forecasts. This time last year, for example, the consensus on Wall Street was for



Martin D. Sass: 'The cycle will pick up for the computer industry.

an 18 percent rise in profits for compa-nies included in the S&P 500 index. compared with the actual gain of 3 percent, according to IBES.
"In a classic bull market," notes Ste-

ven G. Einborn, head of the investment policy committee at Goldman, Sachs & Co., "earnings follow through," sustaining the market's rise. But if those earnings never materialize, the market, as well as individual stocks, will be punished. Thus analysts agree that most stocks already reflect 1987 earnings estimates. They say they will not begin to focus on 1988 profits

HE QUALITY OF EARN-INGS is also important. Inter-national Minerals & Chemicals Corp., a major fertilizer maker, recently topped a list of companies that anelysts believe will have the biggest in-crease in profits in 1988. The IBES survey found that, on average, analysts were projecting a profit rise of 1,851. percent for the company next year next

But International Minerals is just recovering from an industry recession. With a five-year, negative growth rate of 17.3 percent and a price more than 20 times expected 1988 earnings, the company is not an attractive stock. Stan Deutsch, an analyst at First Boston Corp., does not recommend it, say-ing it "is not selling on an earnings

One of the best examples of a group that still offers both value and earnings growth is the forest-products industry. analysts say. They are predicting 38 percent growth in profits for this year. (Continued on Page 11)

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PROFILE

A Jardine Fund Manager's Ebullient View

Alan Smith's portfolio is built around a core of property companies.

By Patrick Smith

Hong Kong AVE A LOOK AT THIS," Alan H. Smith tells a visitor to his office high above Hong Kong's expansive harbor. With his usual ebullience, the maging director of Jardine Fleming Holdings Ltd. slides a 64-page research report, covering Hongkong & Shanghai Banking Corp., across his conference table.

"How far has this market come?" the 43-year-old portfolio

manager asks rhetorically. "Ten years ago we might have put out two pages on the bank — not much more than a description of its branch network. That's one measure."

It is a measure, too, of how far Jardine Fleming has come since it was founded 17 years ago as Hong Kong's first homegrown merchant bank. "JF," as the firm is commonly known here, has grown into a diversified financial institution. But ament has emerged as its core business, and that

Assets under management grew by 75 percent last year, to \$3.5 billion. Of Jardine's 15 funds, four were among the world's top 12 performers, according to an annual survey conducted by Lipper Analytical Services. All four were interested in Asia.

invested in Asia.

Mr. Smith, who taught commercial and company law in Nairobi and at Hong Kong University before joining Jardine Fleming in 1973, believes the JF Hong Kong Trust, with assets of \$115 million, would also have made the top dozen had it enjoyed the exchange-rate gains available to yen-denominated funds. As it was, the Hong Kong fund appreciated by 67 percent last year, outpacing the Hang Seng Index

by almost 20 percentage points.

Although he declines to forecast the Hang Seng's future level, Mr. Smith is confident that it will continue its climb, citing expected strong corporate results this spring that should reduce many price-earnings ratios. As a measure of this confidence, almost one-lifth of the funds JF manages are in the Hong Kong market.

"There's still quite a lot to go for," he says. "At the moment. I see no problems through the third quarter. But let's look again then to see if there are any clouds." Among the possible clouds are a resurgence of protection-ist measures aimed against Hong Kong, Jolts from China



Alan Smith: On a risk-reward basis, 'Hong Kong is an excellent investment.'

could also reignite local worries about Hong Kong's future after 1997, when Britain's colonial leases will expire and China will assume sovereignty over the territory. Only two months ago, the forced resignation of Hu Yaobang as head of the Chinese Communist Party sent the market down 160 points in less than two days, although it quickly recovered, "Local money views 1997 in a personal light, while overseas investors lock at it from some distance," Mr. Smith says. "But thet's mitchel from both points of view I think"

"But that's suitable from both points of view, I think."

The risks in each case are different Local investigations, should begin to diversify out of Hong Kong willing. says, should begin to diversify out of Hong Kong which is typical overseas fund may have a Hong Kong exposure of as typical overseas fund may have a Hong Kong exposure of as much 5 percent of its total assets. From a risk tension much 5 percent of its total assets. From a risk tension much 5 percent, Hong Kong is an excellent investment. It perspective, Hong Kong is an excellent investment. It is said to be a series as a risk and well show average in terms of its rewards.

As Jardine's recent research effort suggests, Hongham & Shanghai Bank is high among the stocks Mr. Sunth favors. Although he is linewarm on the sector as a whole, he before the bank will improve its performance after several years of loss provisions for bad loans in real estate and shapping.

the bank will improve its period real estate and shapping.

But like Most office fund manages, Mr.
Smith is now building lardine's portions account a
core of property companies that are positioned to

exploit Hong Kong's current environment of low interest rates, low prices and high rents.

Among his selections: Hongkong Land, which is due to complete another of its prime commercial office lowers high the end of next year, and Cheung Kong (Holdings), the vehicle of the real estate magnate, Li Ka-shing.

Real estate investors are enjoying positive returns "anithat's in contrast to most other markets," Mr. Smith says. "As for Li, he has a proven touch for property in both built and bear environments."

Among the less prominent properties, Mr. Smith meetions.

Hang Lung Development, Sun Hung Kai Properties and Sino Land. The last, he says, has substantial interests in the so-called "new towns" that are springing up in Hong Kong's

outlying areas.
In the services sector, Mr. Smith is concentrating on Cathay Pacific Airways and Dairy Farm, the Hongkong Land food-retailing subsidiary that was recently spin of Apart from its own strong growth record, he says, he likes the 50 percent share Dairy Farm has in Maxim's, a fast-expand.

ing restaurant chain.

Mr. Smith is similarly attracted to Cafe de Coual, a Chinese fast-food chain that was founded in 1969 and wen. nowhere until a few years ago. Now it is booming a reflection of evolving tastes among Hong Kong's freinly

Industrials? "As a whole the section has a bad name, and they're not for everyone to follow," Mr. Smith says with a smile. "But if you get your timing right, they can be very

One manufacturer Mr. Smith mentions happily is Lai Sun Garments, which has recently diversified into property development, in addition to the brisk business it does reling the large share of valuable textile quots to which it is entitled. "We bought it a year ago at 7" Hong Kong dollars: Mr. Smith says. "It's now over 70."

Hong Kong's Allure for International Investors

(Continued from Page 9)

ment (Asia) Ltd. "They are well aware that they have to sell them-selves to overseas fund managers."

Exchange officials and others in the investment community are hoping such developments are harbingers of things to come. As Hong Kong prepares to rejoin China in 1997, they say, the stock market should become a major source of funds for Chinese enterprises as well as local and multina-

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tional companies doing busines on the mainland.

Such ambition is a very long way from the casino-like environ-ment for which Hong Kong has been known since its first ex-changes were established early in this century. Almost from the first, trading has been dominated by local speculators who viewed share trading as a kind of in-formed gambling. rmed gambling.
Busts have followed booms at

regular intervals. In 1973-74, for instance, the Hang Seng went from a record 1,775 to 150, a casualty of massive overbuying and the first oil crisis. The market took a similar, though less severe, tumble in 1982, when the property market collapsed and the question of Britain's colonial leases was first

With history in view, perhaps, mous in cautioning that Hong Kong is far from a fully developed market. Insider trading, which is not yet a punishable offense, ap-parently remains widespread. Speculation — currently contered on 20 or so "entrepreneurial" stocks from Australia and New Zealand — is still a powerful

The market also remains heavily weighted in favor of banks and

'Should Hong Kong be trading at 15 times earnings when Tokyo is at 50 and Singapore at 30?

property shares, which together 100 stocks, by most counts, out of account for some 70 percent of the a total market of 350. market's 55 billion dollars in total capitalization. Hongkong & Shanghai Banking Corp., the terri-tory's premier financial institution, accounts for 10 percent of the

market by itself. Although they are the backbone of the economy, manufacturers small to be listed; among others, there is still a traditional reluctance to let even a minority inter-

est slip into unknown hands. For now, at least, regulatory the market's lack of balance still limit the foreign investor to a narrow range of issues -- some 50 to

"When you get beyond that, most overseas buyers say the riskreward ratio is just not worth it," one British broker says. "This is One fund manager would dis-

agree: Gartmore's Oriental Ventures Trust, a collection of high-"special simutions" that gre decidedly not for the faint-heart-ed, has made Mr. Mount something of a local "wunderkind."
Oriental Ventures appreciated by
330 percent in the year to mid-

Where are the graphs now headed? Die-hard optimists, such as Mr. Mount, say a Hang Seng of 4,400 or more by early-1988 is not inconceivable. They reason that the economy, which grew 8.7 per-cent last year, should expand a further 7 percent in 1987, and corporate profits will add 15 percent or more to the 30 percent gain registered in 1986.

Given that earnings projection, an index of 4,000-plus would mean a revaluation of the market to an overall P-E of 20 - still modest by global standards. ss, most analysts expect prices to rise more slowly, and perhaps retreat temporarily, once the Hang Seng advances beyond the 3,000 mark.

I'd say we'd topped out for the year," says Robert Thomas, director of investment management at lardine Fleming Holdings Ltd. "If we reach that point by year-end, I'd be quite comfostable with it."

Already traders are showing some signs of skittishness. After reaching 2,939 last Tuesday, the Hang Seng dropped suddenly by 140 points, ending the week at 2,798.64.

The decline was widely attribut

"If we hit 3,600 by midsummer, I'd say we'd topped out for the

ed to the poor reception given to the restructuring of Hongkong Electric Holdings, one of two local utilities. But the question of whether the market has begin a broad retreat now hangs in the air

like fog.
Real estate shares are now at the center of most portfolios. The reacenter of most portfolios. The rea-son is simple. While, rents have risen some 50 percent since 1984, prices are up only 25 percent to 30 percent. With the local prime interest rate at 5 percent, yields on prime commercial and residential property are currently as high as

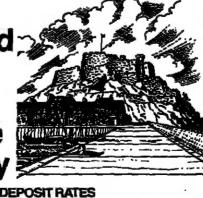
Reflecting a resurgence in consumer spending, service compa-- restaurants, supermarket also favored. So is Cathay Pacific Airways, Hong Kong's unofficial fered to the public only last year.

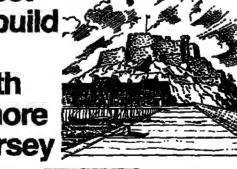
The Hongs, or old-line British

trading houses, and utilities re-main highly popular, and some analysts include a few industrial shares among their choices. The threat of protectionism, it is generally reasoned, is receding for Hong Kong, it is time to look beyond the reputation for instability that nanufacturing shares have long

"Industrials are trying to prove themseives," says Mr. Thomas of Jardine Fleming, "And institutake them more seriously."

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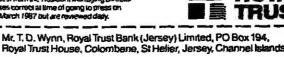




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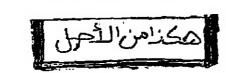
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REAL ESTATE

London Prices In Real Estate **Defy Gravity**

By Jeff Ferry

RITISH NEWSPAPERS RECENTLY criticized a London real estate agent for asking the equivalent of \$52,000 for a broom closer that had been converted into a studio apartment. But the same day that the articles appeared, the converted closet, desirably located opposite Harrod's department store, was sold to a wom-an who said she thought it was a good buy.

It was just one more example of how the London

residential property market continues to defy gravity. The end of the boom, predicted at the time of the recession of the early 1980s, and again when oil prices dropped and Arab buyers deserted the market, obstinately refuses to arrive. Indeed, optimism about the market is higher than ever.

"For the past five years, property in central London has risen by 25 percent a year on average," says George Pope, chairman of the London real estate agency, John D. Wood & Co., "and so far, the year of 1987 looks like it will see a similar performance."

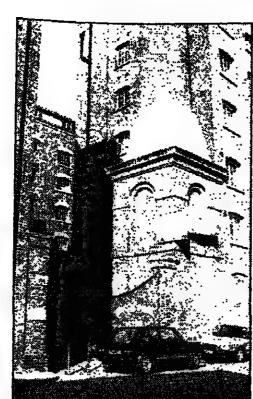
Robert Ringrose, property analyst at the stockbro-kerage Phillips & Drew, says the two most crucial factors for London property prices this year are inter-est rates and the outcome of the British elections that are widely expected in June. With a consensus that interest rates are headed downward, and with polls showing the Conservatives likely to win re-election, the outlook is decidedly upbeat.

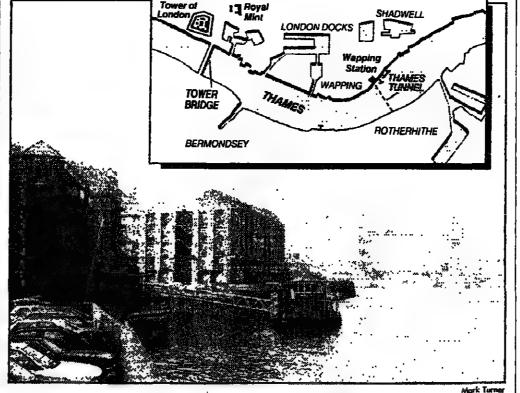
For foreign investors considering London, the exchange rate is the main uncertainty. Gavyn Davies, chief U.K. economist at Goldman, Sachs, says he expects the rate to fall "gradually, but not dramatically" over the next two years to a range of \$1.20 to \$1.30 to the pound from the current \$1.50-\$1.55 level.

The decision on where to buy property in London breaks down into two broad choices. The first alternative is the traditional upmarket areas, where praces are already high and further appreciation seems likely. The second are those areas, mostly immediately surrounding the financial center in the City of London, where the initial outlay is lower and the risks greater, but the potential for large capital appreciations is regarded as quite good.

London's "Big Bang" of financial deregulation has revived almost overnight a number of formerly run-down areas around the "golden square mile" of the City of London. The expansion of overseas banks and brokerage houses has brought in thousands of wellpaid forcigners. Increased competition for personnel has pushed salaries in financial services to unprecedented heights.

In addition, a shift to longer working hours has intensified the demand for housing close to the City.





New Concordia Wharf development in the Docklands area, shown by inset. Tower Bridge is in the background.

All of these forces have pushed up prices for desirable houses and apartments. The most spectacular example is Docklands, as the broad expanse of land along the Thames to the east of the City is known.

Docklands's eight square miles (about 21 square kilometers) of property, much of it derelict, has been on the decline for most of this century. Now a series of changes — including the reclamation of decaying lofts

Becoming a Landlord

Buying property in London and renting it out take be rewarding, provided the owner is alware of the peculiarities of the British Pent Acts, it may take literally denerations before an integrated ferialistical be existed.

To get around this, most landlonds will only left liais to companies. A "company left liais to companies. A "company left liais to companies. A "company realisting agent who seemalizes in finding jetterts, effecting references, drawing up leases and so on. For this service, a litting agent normally charges 10 percent at the rentalincome. For 15 percent, the algebri will manage the property as well, which includes playing the bills and arranging maintenance.

in the Wapping section by a New York-style, moneyed "art" community, the building of a new rail link between Docklands and the City, and the planned construction of a massive office complex on Canary Wharf - bave triggered a surge in prices.

"This has been an extraordinary, unprecedented change from an area which had nothing in it a few years ago, to an area which is now starting to achieve

Another problem is income tax. The british inland Revenue requires letting agents pay a withholding tax of 29 percent on all rental income, even if the property owner is overseas. But a good

reting agent and accountant can help ringing the anount of tax withheld Letting agents caution that estate gents; whose interest is in selling a

incipants, whose interest is in selling a property, are apt to overstate the proteinties rentalincode of a property. It is best to get an independent estimate, a service most letting agents will provide with no obligation.

Many experts expect a boom in rental over the next two years. The average setum on a good central London property ranges from 5 to 7 percent of the capital value.

some of the best West End prices," says Martin Carleton-Smith of the real estate agency of the same name. He reports selling two-bedroom flats with river views in Wapping and Bermondsey for as much as \$375,000 to \$450,000. There are numerous examples of prices doubling over the past year.

Some experts believe that the western part of Docklands has seen the best of the boom. They see greater future capital gains further east, in Limehouse, the Isle of Dogs, or Surrey Docks, or north into Hackney.

The boom has also affected areas west of the City, such as the Lloyd Baker estate area, which contains many fine Georgian houses, and Bloomsbury, which has many small apartments ideal as pied-a-terres. Frank Harris, a leading Bloomsbury estate agent, reports that a typical studio in Russell Court in historic Russell Square that sold for the equivalent of \$53,000 just over a year ago would sell today for \$70,000, a rise of more than 30 percent.

Covent Garden is another area where a good location has pushed up prices, and encouraged renovation, giving a further boost to prices.

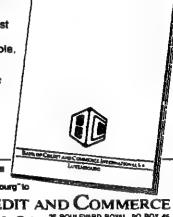
Mr. Harris notes that areas such as Bloomsbury are much better served by amenities such as gardens, public transport, and good shopping facilities than areas to the east, such as Docklands or Hackney. The same is even truer of the traditionally upmarket areas further west, including Kensington, Chelsea, and Hol-land Park. Mr. Ringrose, of Phillips & Drew, argues that in view of the international profile of London's property buyers, these are the safest investments.

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BOURSES

Profit-Driven Strategies

(Continued from Page 9)

And some of the industry leaders have price-earnings ratios well be-

After loading up with several of these "lean and mean" companies, Sass likes Weyerha the most Recently restructured, Weyerhaeuser "is poised for a break," he says, with an expected 96 percent increase in earnings this

Noting that forest products will benefit from a better economy and a declining dollar, Mr. Einhorn of Goldman, Sachs suggests Union Camp Corp., which should boost profits by 66 percent to \$4.80 a share, and Westvaco Corp., for which he expects a 26 percent rise to \$3.15 a share.

According to Francis Cabour, manager of Fidelity's \$3 billion Puritan Fund, another buy in forest products is Boise Cascade Corp. Analysis recently revised their 1987 earnings estimates for Boise Cascade up to an average \$5.17 a share, a 56 percent increase over last year. "The paper products industry,"
Mr. Cabour says, "is the best in
terms of profits growth."

For the most part, though, the market is "bereft of sleepers," complains Mr. Cabour, who has been Among the few stocks he likes is the radically streamlined Canadian Pacific Ltd... the transportation company, which is expected to see analysis following DEC, 28 recents a list of 1,400 companies by earn-ly increased their estimates for this its net income grow by 175 percent

holding company of American Airlines. More or less in line with the consensus, Mr. Einhorn projects at Fred Alger & Co., suggests Ashprofits this year of \$5.50 a share, a ton-Tate Co., the software produc-19 percent increase over 1986.

tioned for a comeback, too, analysts say. Mr. Einhorn likes Digital percent this year to \$1.74. Assum-

Great Expectation State outside Communication Capa and the second reco Share in the can droducer, says Dairo historic lac. After touch almost double in pince transporting contributers separates. Industry consolidation and tow energy, costs are helping airlines. Mr. Eighporn, believes the pains will be suited obvious at American Airlines.

*Estimates of per-share earnings gains based on consensus new compiled by Institutional Brokers Estimate System.

ly increased their estimates for this

IRLINES ARE ALSO POPULAR among analysts because of industry consolidation and low energy costs. On the
top of that list is AMR Corp., the
bolding company of American Air-

David Alger, director of research 19 percent increase over 1986.

Technology stocks are well-posi-pany, Ashion-Tate's per-share

ings, says there are 110 companies that could have a net gain of at least 40 percent in the next year. At the top of this list is Triangle

Industries Inc., a major aluminum can producer. With current earnings of \$2.50 a share. Mr. Alger says, the stock is "already below the low of the industry's P-E range," which he estimates is 12 to 19 times earnings. Mr. Alger pre-dicts earnings will increase by 37 percent this year, giving the stock an attractive future P-E of 10 and a potential 90 percent gain to inves-



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The eighth International Herald Tribune/Oil Daily conference on "Oil and Money in the Eighties" will take place on October 22 and 23 in London.

The conference which has become a major annual event in international energy The conference which has become a major annual event in international energy circles, will feature an outstanding group of worldwide energy and financial experts and circles, will feature an outstanding group of worldwide energy and financial experts and circles, will feature an outstanding group of worldwide energy and financial experts and circles, will feature an outstanding group of worldwide energy and financial experts and circles, will feature an outstanding group of worldwide energy and financial experts and circles, will feature an outstanding group of worldwide energy and financial experts and circles, will feature an outstanding group of worldwide energy and financial experts and circles, will feature an outstanding group of worldwide energy and financial experts and circles, will feature an outstanding group of worldwide energy and financial experts and circles, will feature an outstanding group of worldwide energy and financial experts and circles, will feature an outstanding group of worldwide energy and financial experts and circles, will feature an outstanding group of worldwide energy and financial experts and circles, will feature an outstanding group of worldwide energy and financial experts and circles are circles and circles and circles are circles and circles and circles are circles are circles and circles are circles are circles and circles are circles are circles are circles and circles are circles government leaders from Europe, the Minute Eds. and the Office States. The conference is designed to provide senior executives from the financial and energy sectors with an annual designed to provide senior executives from the world oil market.

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'Converts' Find a **Following**

7 ITH U.S. SHARE PRICES continuing their record-breaking high-wire act, many investors have sought a safety net in convertible securities. These hybrid securities offer "a little insurance on the downside" while still allowing investors to participate in the stock market's advance, notes Robert W. Radsch. senior vice president of Bull & Bear Group Inc., a fund manage-Convertibles give the holder a

fixed rate of interest with the right to turn in the security for a specified number of common shares. The cost of conversion usually ranges from 10 to 30 percent above the prevailing price of the underlying stock. While a convertible does not move up as fast as the underlying stock, its yield pro-vides a cushion against a fall in the issuer's shares.

Income-oriented investors are particularly drawn to convertibles now that the rise in share prices has reduced the average dividend yield on stocks to about 2.6 percent. That is the lowest yield on U.S. common stocks in nearly 14

The demand for convertibles has been so strong, though, that the recent spate of new issues offers few bargains, say specialists. "It has been a little harder to find real value," Mr. Radsch acknowledges. "Some of the new issues have come out with pretty fancy

For that reason, many portfolio strategists have turned their attention to seasoned issues. The probiem is that seasoned issues tend to be nearer the date or price at which they can be "called" — bought back by the issuer at a specified price. This makes them ess attractive to investors because it effectively reduces the potential

In addition to call provisions, specialists in convertibles take a look at the trade-off between the yield and the conversion premium. A fundamental rule is to buy only convertibles whose underlying shares look attractive.

Mark Hunter, associate editor of a Value Line publication on

Market Scoreboard

Stocks on the New York, London and Tokyo exchanges that

New York Stock Exc Compiled by Media General is A.H. Robins Toll Brothers News Corp. Newmont Gold Imo Delaval Carling O'Keefe Claira's Stores Pler One Imports Lennar Corp. Lomas & Nettleton American Stock Exc Sorg Inc. Taiwan Fund Computer Factory Materials Research Precision Aerotech	70 50 48 45 43 41 40 39 38	Price Feb. 27 18.25 19.00 32.88 25.00 21.75 13.63 18.88 30.50 37.38	in dollars Bernard Chaus ICN Pharmaceutical Pannill Knitting BankAmerica Emerson Radio Coopervision Kentuck Utilities Cilcorp Northern States Pwr. Baltimore Gas & El.	25 21 19 15 15 15	14.5 18.7 16.3 11.7 10.2 16.2 38.0
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Taiwan Fund Computer Factory Materials Research		23.00	Electrosound Group	16	11.3
Materials Research	73	33.13	Home Shopping	. 13	33.0
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r s e cu a loui in nei o le cu i	43	10.38	WestAmerica Banc.	9	51.0
Over the Counter:					
Daxor	192	17.88	WNS Inc.	46	11.2
mreg Inc. Class A	96	12.50	Viratek	43	40.2
Chemiawn	94	29.50	SPI Pharmaceuticals	. 34	20.0
Bockbuster Entertain,	66	23.88	Energy Factors	29 25	10.0
Biogen	61	13.88	Seven Oaks	25	11.2
London Stock Exch	ange:				
compiled by Morgan Stanley	Capital Inter		ses in pence. ,		
Velicome	80	478	Tricentrol	14	7
Assoc. British Ports	29	495	Ultramar	10	16
Hillsdown Holdings	28	286	Britoil	8	17
Amersham Int'l	26	645	Northern Engineering	8	7
Dixons Group	25 25	385 233	Morgan Grenfell	7	39
Rothmans Int'l	24		Hill Samuel	7	48 24
Glaxo Holdings United Scientific	24	1,598	Allied Irish Bank Harrisons & Crosfield	6	47
Uniting Scientific Corcros	22	230 327	Assoc. Newspapers	6	49
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Sumitomo Chemical	43	739	Mitsuboshi .	18	1,870
Ul Nippon Airways	38 37	1,840	Orient Finance	17	1,010
litsui Shipbuilding	37	230	Secom	15	7,300
apan Line	36	128	Dalwa Bank	14	1,630
liympus Optical	35	1,380	Furukawa Electric	14	469
	36 35 28 27	808 16,200	Bunk Yokohama	4.4	1.410
lagoya Railroad apan Air Lines			Hitachi Credit	14 14	1,720

few seasoned issues that appear to offer good value. One is the 6percent convertible bond of Pep Boys, an auto-parts retailer with a

high investment-grade rating. The price of the Pep Boys convertible has risen to about \$1,170, of a Value Line publication on giving it a corrent yield of about convertibles, says there are still a 5.25 percent. At that level, the pre-

mium for converting it into shares is about 19 to 20 percent, Mr. Hunter says. The issue is callable after November 1988. Another attractive issue, he

says, is the 8.25 percent convertible bond of DBA Systems, a computer systems firm that specializes in aerospace applications. The

bond has a current yield of 7 percent and is trading at a conversion premium of 15 percent. The bond is an attractive way to hold the shares, he says, since the company's common pays no dividend. The issue is callable after November of this year.
William McBride

Junk Bonds Make a Comeback

By Anise C. Wallace

N THE WEEKS AFTER the Ivan F. Boesky scandal broke, junk-bond prices dropped sharply as buyers all but disappeared. They were worried that Drexel Burnham Lambert Inc., the dominant force in the market for these low-rated high-yield bonds, would be dragged down by

government insider-trading investigations.

But while those fears have not evaporated, the junk-bond market has roared back. Bond prices have surged, and the yield spread be-tween junk bonds — rated Ba or lower by Moody's -- and long-term Treasury issues has narrowed to about 4.5 percentage points, from about 5.25 points in December. An example: an 11.75 percent, 10-year bond issued by Safeway Stores Inc. in December at par (100), is now selling for 105½, yielding about

Indeed, some investors believe that the Boesky shock waves have been healthy for the junk-bond market. Its recovery, they say, indicates that the market is more resilient - and liquid — than had been perceived. Others argue that, the recent rally aside, junk bonds are still "junk," and are not for widows, or-phans or the faint of heart.

Because of the rally, fewer bargains are available—a sharp contrast from December, when investors were predicting the fall of the junk empire. Then bonds practically went begging creating a "buying opportunity" for investors with strong stomachs.

Why the recovery? Experts cite two factors:

First, investors are increasingly confident that the junk market will survive the insider-trading scandal, even if some of the market's participants do not. Secondly, at the beginning of the year there was a shortage in the

supply of such bonds.

The money pouring into junk bonds comes from both institutions and individual investors. Last month, for example, more than 100 institutional investors showed up in New York for a meeting held to promote Holiday Corp. junk bonds. Since the first of this year, the \$100 million in net cash flow to the T. Jank Bonds Rally . . . JERANJIASORDI

Rowe Price high-yield bond fund has made it this year's most popular choice among the Baltimore firm's fixed-income mutual funds. The net assets of the Massachusetts Financial High-Yield Trust have jumped 9.47 percent in

the same period.
All this renewed interest has made some seasoned investors jittery. Some experts point out that many smaller insurance companies and savings and loans are jumping in to buy junk without understanding the risk. "I'm shocked by the numbers of people entering this market," one professional money manag-

But even more worrisome to some are the continuing questions surrounding Drexel. If the firm, and/or its junk-bond pioneer, Mi-chael R. Milken, become paralyzed by the scandal, Drexel may be unable to create an orderly market. That could panic investors, who might pull funds out of the market. Prices could plunge. Other firms then might reduce their exposure to junk bonds, further drying up liquidity. While some Wall Street firms might step in to fill the void, they would mop up only the best of the junk bonds and leave the ones "no one wants to touch," suggests Michael Meiz, investment strategist at Oppenheimer & Co. in New York.

Perhaps the biggest worry for the junk-bond market is a possible recession, which would render many of the highly leveraged companies that have issued the bonds unable to meet interest payments. In fact, investors who specialize in junk bonds admit that this risk is greater than the risks facing Drexel.

"The risk you take is credit risk," says Talton
R. Embry, president of New York's Magnet.

Asset Management.

Robert Wallace, president of Gateway Advisors in San Jose, agrees. The default rate for junk bonds in 10 years will look different to the control of the con than it does today," he says, suggesting that the rate will increase because of economic problems in specific industries such as energy, steel and containers.

As A RESULT, Mr. Wallace, whose off-shore mutual fund and purvate ac-counts have advanced in value almost 20 percent since the beginning of the year, is concentrating on the junk-bond issues used to finance mergers and corporate restructurings and spin-offs. But he says he has bought these "deal" issues only when he was convinced that the companies could meet the high-coupon interest payments through possible asset sales

He cites as examples the securities issued by Holiday, Owens Coming and Rearrice. "It requires reading all the published material available about the mergers," he says.

Many professionals are avoiding the junk issues with extremely high coupons — 14 percent or greater — because of the liketihood that they will be called in the next few years, as commanies try to replace this high-cost debt as companies try to replace this high-cost debt with lower-yielding issues. If that happens, investors then will have to remvest their proceeds in issues with much less return

And, after the bankruptcy of LTV Corp., many also are avoiding junk bonds of compa-nes in troubled "smokestack" industries such

10 1986 The New York Times

In Vienna, the Party Hits a Lull

By Ferdinand Protzman

FTER TWO YEARS of heady advances, the Vienna Stock Exchange doldrums. Equities analysts are forecasting lower prices and volume, as the bourse struggles to adjust to slower domestic economic growth, diminished foreign participation and the strong Austrian

"In 1987, investors will earn considerably less in the Vienna stock market than in 1985 and 1986," says Gerhard Grund, who heads the securities trading department of the Genossenschaft-iche Zentralbank AG. "We expect a downward correction of about 10 percent from current

ume before shares stabilize." most-watched measure of the Vierma exchange's performance, has already dropped to a level of 204.36 on Friday, compared with a reading of 231.99 at the beginning of the year.

The declines so far this year contrast sharply with the market's performance in the recent past. The once moribund exchange surprised the world in 1985 as share prices rose a stunning 130 percent to top all global equity markets. In 1986 prices fell as many investors took profits, but volume rose 50 percent and 10 new issues were introduced. Those achievements were all the more remarkable considering the old-fashioned trading procedures that had prevaile since the fall of the Hapsburg monarchy in 1919.

"It is unfair to measure the market against 1985," says Alfred Regele, director of securities trading

for Creditanstalt-Bankverein, Austria's largest universal bank. It was an extraordinary year, probably a bit too strong a perfor-

Analysts agree there will not be an encore in 1987.

The most obvious change on the Visona exchange is the relative absence of foreign investors, whose heavy purchases were the driving force behind the 1985 boom. Profit-taking by investors from abroad was the main factor in 1986. In 1987, they are staying away, ana-

lysts say.
"Foreign investors really aren't an important factor right now," says Mr. Grund. "Some West German investors are still here, but the British and Americans are largely gone. They played the most important role in 1985 and 1986." According to analysts, the strength of the dollar against other

price levels and rather small volmajor correncies in 1985 was what first brought bergain-hunting foreign investors to Vienna. Since then, however, the Austrian schiling has strengthened considersbly, with the exchange rate currently holding at about 13 schillings to the dollar, compared with around 24 schillings in 1985.

"We are a hard-currency country," says one analyst. "The stock market isn't going to rebound un-til the dollar begins to strengthen again. The market does offer an opportunity for those following an anti-cyclical strategy, but the profits won't be quick. It could take a

Austria's economy is also weighing on the market. The new-ly formed coalition government is grappling with severe structural problems in Austria's largely state-owned industrial sector problems the government esti-mates will require an infusion of about 41 billion schillings by 1991,

to cover losses and finance restructuring measures. The govern-ment is also shaping plans for tex-reform and spending cuts, but no significant action is expected be-While Austria has yet to release

ross national product statistics for 1986, most economists believe that GNP growth was around 2 percent; down from 3 percent the previous year. For 1987, initial estimates are for GNP growth between 1.5 and 2.0 percent.

On the plus side, interest rates are relatively low, with the nation's discount rate now at 3 percent. Inflation is also low. After a 1.7 percent inflation rate in 1986, economists are predicting a slight salts. I increase to 2.3 percent in 1987. I million Despite the lackbuster economic from coutlook, analysts say the market is in much better shape now than it was before the boom. The example of the lackbuster o

was before the boom. The exand the number of foreign stocks rose to 29 issues from 26.

HANDFUL OF domestic issues, such as Creditan-stalt, account for the bulk of daily trading, which has had average volume of about 38 mil-lion schillings in recent weeks. Creditanstalt is cautiously rec-

ommended as a buy, although an-alysts note that the bank had deyed a recent share issue because The bank has severely pruned its industrial holdings, which have hart earnings in the past.

Of the other banks, Österreichische Länderbank AG and Genossenschaftliche Zentralbank are seen rising against the trend in

Of the smaller stocks, machine maker Veitscher AG emerges as a nearly manimous pick by ana-lysts, although one Viennese marmendation as "hardly surprising, since it is one of the less compa-

nies making a profit."
Veitscher's 1986 results: have not yet been released. In 1985, net profit was up 43 peixens to 213.04 million schillings from 149.0 million schillings in 1984.

Analysts size like Manmer Markhof AG, a lood products company. I think we will see vary strong profit growth at Manner in 1987, one analyst says. The company has not released in 1986 results. In: 1985, net profit was 24.5 million schillings, off 6 percent from 26.2 million schillings in 1985.

Gloser Branera AG, one of the leading Austrian broweries, is seen change's total expitalization rose doing well this year by the majoris to 34 billion schillings in 1986 at Creditinatait. While 1986 his from 74 billion schillings in 1985, sares are not available, analysis, while the number of Austrian pect a strong rise from 1987s net stocks traded rose to 63 from 51 profit of 30.6 million schillings. Strong carnings game are also ex-pected for 1987.

Lenzing AG, a favorite pick of many analysts in 1986, is not enjoying similar status this year. The synthetic-fiber maker faces tough competition in the world fiber market and many analysts ques-tion whether the company can keep pace.

Total Return

Technical problems prethe calculation of 12-month total neturns for major stock and bond markets in time for this issue of Personal Investing. The total-ra-turn chart will reappear in the April 13 issue.

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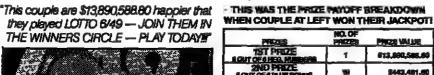
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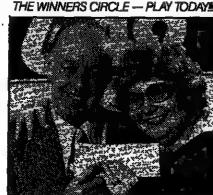
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Last Weel

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Given Choice in Issue Surge, TWA Bid Investors Rush for Sterling

ARIS — After weeks of effort to regain its past momentum, the Eurobond market sprang to life last week with the heaviest volume of new issues so far this year in a dazzling array of currencies. The standout sector was sterling where the currency, buoyed by firmer oil prices and expectations of lower interest rates, gained more than 2 percent against the dollar and Deutsche mark.

The prospects of further appreciation and potential capital gains as interest rates ease had foreigners scurrying for bonds still bearing double-digit coupons.

The rush into sterling pushed rates solidly into single digits and only American Express Overseas Credit set a coupon of 10 percent — less real than it looked since the £40 million of

seven-year notes were priced at 101%, cutting the yield to in sterling, The rapid decline in interest

Deutsche Bank got a long maturity rates was best demonstrated by Dentsche Bank, which earand a cheaper rate ly this year tapped the market for 5-year money. Last week it returned for 10-year funds paying 4 point less.

Demand for equity was no less strong, enabling Tesco, the British retail chain, to increase by £15 million its £115 million of 15-year bonds convertible into stock. The issue carried a record low coupon of 4 percent and the bonds ended the week up 51/4

More generally, bankers reported a significant increase in retail demand for bonds — especially high-coupon sectors.

The statement after last month's meeting here of finance

ministers, which said "they agreed to cooperate closely to foster stability of exchange rates around current levels," is now being taken more seriously than at first and money is now shifting out of the lower-yielding safe havens of Deutsche mark or yen bonds.

The late week news of a surprisingly large increase in U.S. nonfarm employment was a setback for the dollar bond market. Prices dropped as investors decided the U.S. economy was picking up steam faster than anticipated, ruling out any imminent further decrease in interest rates. But this was good news for the dollar, which rose on the foreign exchange market.

ALTHOUGH SOME currency dealers had predicted that the vague communique after February's meeting of finance officials would result in a quick test of official resolve to support the dollar, it now appears that the foreign exchange market is about to test their tolerance of a higher dollar.

In any event, for foreign investors buying dollar paper, the gain in the foreign exchange market counterbalanced the fall in bond The Australian dollar market, with its very high compons, also

remained a magnet for investors willing to gamble on the currency. The Australian dollar is not part of the February currency pact and, as the high coupons indicate, it a candidate for

However, for the first time, investors last week were offered an instrument that provided good protection on the currency in return for no protection on interest rates.

The formula was introduced by Commonwealth Bank of Australia, rated imple-A. It offered five-year paper at a price of 101 bearing a compon of 16 percent. The catch is that the coupon is reset every year. Holders have the option of accepting the new coupon or requesting redemption.

... This means investors can take only a one-year exposure on the currency, which is certainly safer than being locked into a fiveyear commitment.

CBA is using this formula because it obviously hopes that

interest rates will decline. At present, the rate structure in Australia is inverted with short-term rates higher than long-term. Yet at some point this unnatural state should reverse.

Thus, rather than locking in five-year money now at around 141/2 percent, CBA would rather pay 16 percent for one year hoping to achieve a significant cost saving in subsequent years. The formula was well-received and the amount of the issue increased from the 100 million Australian dollars initially annonneed to 125 million dollars. The price of the issue had held remarkably firm — a discount of only % point — and slipped sharply only after the amount was increased and a similar issue

The State Bank of South Australia used exactly the same formula, but set an initial coupon of 164 percent. Unlike CBA, this issuer does not have a government guarantee and is a less known name - explaining the higher compon. But the competi-

The five other Australian dollar issues were for the usual assortment of high-quality names offering medium-term paper that is never likely to trade actively. Among the issuers were

See EUROBONDS, Page 15

Last Week's Markets

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For USAir By CARL CEWIRTZ First Plan Fails To Meet Rules

By Agis Salpukas
New York Times Service NEW YORK — The U.S. government has dealt a significant set-back to Carl C. Icahn's attempt as

chairman of Trans World Airlines

to gain control of USAir Group

U.S. Halts

The Department of Transportation, supported by the Justice Department, rejected Friday TWA's application to acquire the Washington-based carrier. Last Wednesday, Mr. Icahn said he had offered about \$1.65 billion to acquire all of

The Transportation Department said that the application "clearly fails to comply" with federal rules on airline mergers and did not pro-vide the analysis and information necessary for the agency to deter-mine whether the takeover would be anti-competitive and in the pub-lic interest. USAir said Friday it had asked the Department of Transportation to dismiss the TWA bid on these grounds, and to

order TWA to sell its USAir shares. The agency also said that the Justice Department had found that the application "appears incom-plete on its face."

USAir had said if the application was dismissed, Transportation De-partment rules would limit TWA to buying only 1.5 percent of its 31.7 million shares outstanding. TWA said Friday that it had increased its stake to about 15 percent, or more than 4 million shares, after earlier announcing it was the company's largest shareholder with less than 10 percent, It was not immediately clear whether TWA will have to

begin selling its holdings.
Mark Buckstein, TWA's general counsel, said that the carrier would be filing "a perfect and completed application" Monday morning with the Transportation Department. But sources close to the Transportation Department said the strong stand of the Justice De-See TWA, Page 17

the port of Balao on the Pacific

coast. Twenty-five miles (40 kilo-

meters) of the pipeline "virtually disappeared," an Energy Ministry

Bell Finds Ideas Alone Don't Pay

Labs Learning Importance of The Marketplace

By Michael Schrage NEW YORK - If there's a single place that symbolizes U.S. scientific brilliance and high-tech ingenuity, it is Bell Labora-

Averaging a patent a day since its founding in 1925, Bell Labs has brought forth such fundamental technologies as the transistor, the laser and the communications satellite. Seven Bell Labs scientists have won Nobel

prizes.
"You could offer me the smartest guys from the sharpest research labs in the world, put them together, square them, and I'd still prefer the Bell Labs guy in terms of sheer brilliance," said Peter Keen, who did consulting work from 1976 to 1979 for Bell Labs, the research and development arm of American Tele-

phone & Telegraph Co.

But if there is a single place that symbolizes the difficulties in transforming brilliance into profitable products, that, too, is Bell Labe

There are a lot of myths surrounding the divestiture," Jack Grubman, a Paine Webber anslyst, said of the divestiture in 1984 of local operating companies that made up the Bell Sys-

"One myth was that Bell Labs had all this technology on the shelf just waiting to go out the door and blow away 1BM. That is why AT&T from Day I was viewed and valued as a technology company. The reality was that the shelves were bare," said Mr. Grubman, who spent eight years at AT&T.

More than three years ago, Charles Brown, who was then the chairman of AT&T, asserted that one crucial benefit of the impending divestiture would be the "unleashing" of Bell Labs' technologies upon the global market-

"I thought it was an unrealistic phrase," said Edward Goldstein, 36, a former AT&T corporate vice president for strategy and



Researchers at Bell Labs working on computer chips.

development who left in 1985 to become a principal in Management Analysis Center, a consulting group in Cambridge, Massa-

"The phrase was based on a parochial view," he said, "In fact, top management had never had to test the quality, the marketability, the competitiveness" of the labs' technology. "The

world wasn't waiting for the labs' technology to be unleashed." Gordon Bell, a former Digital Equipment Corp. executive who now runs the National Science Foundation's computer science directorate, said of the "unleashed" labs: "The dog doesn't have any toeth."

But he added, "I really have empathy for the labs. They've created so many innovations that the world has benefited from. I still view them as a national resource for basic research."

AT&T's problem is how best to take the labs' research, ideas and innovations and package them as products and services that can generate growth for a \$35 billion-a-year corporation.

In the past year, AT&T has layoffs, a multibillion-dollar write-down on equipment and a

The country, one of the poorer exports were indefinitely halted, before presidential and general

dramatic scaling back of its predivestiture plans to compete in computers. Such moves wiped out most of the company's earn-AT&T had hoped that Bell

Labs would be its cutting edge in high technology markets ranging from semiconductors to soft-ware. But while the labs play a vital role in AT&T's core telecommunications businesses such as producing equipment for elec-tronic switching and telephone networking, they have been con-spicuous by their absence in the company's efforts to carve out new markets.

"In the areas in which AT&T has not traditionally been, the impact of the labs has yet to be realized," said Robert Casale, formerly head of AT&T's computer efforts and now a vice president of mergers and acquisitions for Kidder, Peabody & Co. Inc.

The market is still waiting." Jacob Goldman, a venture capitalist who formerly ran corporate research and development at Xerox Corp., said, "As far as impact on the product world is concerned, it almost borders on the shocking.

With deregulation, you'd See BELL, Page 17

Planned Airbus Said to Have 4 Firm Customers

By Warren Getler

nal Herald Tribune LONDON - Airbus Industrie representatives have said that the European aircraft consortium has four firm launch customers for its planned A-340 long-haul jet, sources at British Aerospace PLC, an Airbus partner, said Sunday.

Airbus has said it needs five launch customers before March 31 to justify the manufacture of two new jets, the A-340 and the shortto-medium range A-330.

Three Airbus partners, Aerospatiale of France, Messerschmitt-Bölkow-Blohm GmbH of West Germany and British Aerospace, have asked their sponsor governments for about \$4 billion in launch aid for the A-330 and A-340 planes.

With four major launch custom ers apparently in hand, Airbus's supervisory board, at a meeting on Friday in Toulouse, France, is expected to urge sponsor govern-ments to commit themselves to aid

for the new planes.

To date, Luithansa AG of West Germany is the only carrier to have officially announced firm orders, for 15 A-340s with options on an additional 15.

But Airbus officials said last week that Air France, which had been considering an order for six or seven A-340s, could now be counted as a launch customer, as could a third European national airline and one non-European flag carrier.

But the officials, who made their comments at a briefing of parliamentarians arranged by British Aerospace, were unwilling to name the two other carriers at the request of those airlines, according to British Aerospace sources.

A source close to Sabena, the Belgian national carrier, said the airline was giving "very serious consideration" to the A-340 as a replacement for its five McDonneil Douglas DC-10 long-haul jets, and may be close to reserving delivery positions on five or six A-340s.

The source said that that would be a precantionary, but not bind-ing, move to obtain advantageous terms should the airline opt to place firm orders.

Sabena, however, has not formally decided on ordering the A-340 or the competing McDonnell Douglas MD-11 aircraft, the source said. McDonnell Douglas Mr. Lukman said OPEC minis-decided in January to go ahead ters might not find it necessary to

ments say the aid consists of loans that must be repaid.

The French and West German governments, as early as 1985, signaled their readiness to provide aid, if the jets are shown to be commercially viable, but the British government has not.

Britain's trade secretary, Paul Channon, is to meet with executives of British Aerospace on Monday to discuss BAe's request for £750 million (\$1.19 billion) in launch aid, spread over several

"Thus far," according to a British Acrospace source, "the government has not made us an offer."

The government decision will depend heavily on how broad a base launch customers the A-340 and

"British Aerospace is not going to go ahead with this project unless we've got adequate government as-sistance," a BAe official said.

OPEC Chairman Expects Quota To Remain Same

LAGOS - Rilwanu Lukman, OPEC's president, said Sunday that OPEC had carefully worked out its ceiling of 15.8 million barrels per day and might not consider a reduction soon despite solid demand for oil.

Mr. Lukman, who is also Nigeria's oil minister, was speaking on his arrival from an official visit to Jamaica. He estimated that de-mand for oil from the Organization of Petroleum Exporting Countries was 17.1 million barrels per day. OPEC's 15.8 million barrel ceil-

ag, which covers the first half of 1987, drove prices up to the \$18 a barrel target set by OPEC. Prices then retreated because of what OPEC blamed on heavy stock depletions by non-OPEC producers.

On Friday, prices for the U.S. benchmark crude, West Texas In-termediate, moved above \$18 a barrei on cash and futures markets for the first time in recent weeks. Traders said the price could rise further as reports proliferated that OPEC had cut its output below its 15.8 million barrel quota.

Mr. Lukman said OPEC minismeet to discuss oil pricing issue The United States contends that before the regular ministerial meetgovernment subsidies to Airbus vi- ing in Vienna in June. A meeting of Boeing Corp., and McDonnell week has been postponed indefi-Douglas. However, the govern-nitely.

production and exports of oil. quarter to \$2.18 billion last year. line on weekends and holidays and The earthquakes, which struck late Thursday night, killing at least As a result, the government limiting sales on weekdays. The olate trade laws and allow the con- the ministerial committee on price Pazzos, a former air force comblemished its once clean record in quakes also damaged natural gas servicing its \$8.16 billion debt. On Jan. 31, it suspended interest paysortium to compete unfairly with differentials originally set for last mander who staged two unsuccess-18 persons, devastated the trans-Andean pipeline that links Ecua-dor's Amazon basin cilfields with

Ecuador's problems are so grave, one official said, 'I just don't know where we'll get the money to repair the pipeline.'

Quakes Jolt Ecuador Into an Economic Crisis

spokesman said, and may not be repaired for several months. For Ecuador, the quakes are a disaster whose magnitude could far tors, to whom it owes about \$5.4 products. exceed the tremors' 6 and 6.8 ratbillion, and said it would limit payings on the Richter scale. Oil acments to other creditors to 30 percounts for about two-thirds of Ec-

uador's exports and 60 percent of with 45 percent in 1986. government revenues. In recent months the country had been \$83 million behind in interest pay- er prices certain to follow, came as ments. Government officials and a shock. pumping more than 200,000 barrels a day, worth about \$3.6 million a day at current prices around \$18 a.

"The simustion is incredible," said the health minister, Jorge Brancho. "The earthquake affects the economic situation. We won't be able to sall a single drop_of petroleum for up to four or five months."

others said the earthquakes would

lar protectionist moves in other

The French Corn Growers Asso-

ciation has told the European Community's Executive Commis-

ments to its 400 or so bank credi- cities, forcing rationing of those

For Ecuadorana, accustomed to driving with cheap and plentiful gasoline - about 27 U.S. cents a gallon (7 cents a liter) — the auster-The country has fallen at least ity measures, and the sharply high-

Ecuador had been accustomed to make an already difficult situation relative prosperity, compared with intolerable. much of Latin America. From the Ecnador is in such dire straits, 1970s until 1985, when oil prices one government official said, that topped \$35 a barrel, Ecuador's "I just don't know where we'll get economy was among the two fast-the money to repair the pipeline." est-growing in the region.

The government moved to gain The crisis also came at an espe-some control over the situation. Oil cially had time for the government, ings for debt payments.

QUITO, Ecuador — Ecuador members of the Organization of faces a deepening of its economic problems and new handicaps to repaying its foreign debt after two paying its foreign debt after two problems are the sale of problems and the sale of fuel to foreign air elections next January to be disputiness and ships was banned.

It also imposed austerity meaning the sale of faces on the nation's 9.6 million one of President León Febres Corces of the Organization of the Organization of the Section of the Organization of the Orga According to some press reports, decided in January to go one of President León Febres Cor- with the long-range plane.

dero's opponent is likely to be Lieutenant General Frank Vargas ful rebellions against the president, a conservative and a strong U.S.

Mr. Febres Cordero was humili-ated in January when paratrooper kidnapped him for 12 hours, and demanded the release from prison General Vargas. Mr. Febres Cordero complied Ecuador, which restored democracy in 1979 after seven years of army rule, has a symbolic political

importance in Latin America because it led the region's return to Foreign debt looms as a major political issue in the elections. Ec uador's union federation, the Unit-

ed Labor Front, wants an outright moratorium on debt payments and says it plans a general strike. General Vargos, in hiding, has

said he favors the ceiling set by President Alan Garcia Pérez of Peru of 10 percent of export earn-

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U.S. Protests Canada's Duty on Corn

In Tokyo on Last Stop of Mission WASHINGTON - Canada's imprecedented move to impose a permanent duty on imports of U.S. TOKYO - Brazil's finance minister, Dilson Funaro, ar-

com has provoked protests from top U.S. officials. The decision announced Friday rived Sunday in Tokyo on the last leg of a seven-nation trip to by Canada's import tribunal in Otdiscuss Brazil's debt payment a countervailing duty has been imposed on a U.S. product because of Japanese officials said Mr. alleged unfair trade practices.
Clayton K. Yeutter, the U.S.

Funaro would meet Monday with his Japanese counterpart, Kiichi Miyazawa, and with For-eign Minister Tadashi Kuran-ari. A meeting with commercial bankers and the minister of international trade and industry. Hajime Tamura, is scheduled for Tuesday, and Mr. Funaro is expected to leave for Brazil that

Funaro Arrives

night.
The Brazilian minister has been explaining to governments and banks his nation's decision last month to suspend indefinitely interest payments to private banks that hold \$68 billion of its \$109 billion foreign debt. His visit to Japan follows stops in the United States, Britain, France, West Germany. Switzerland and Italy.

A Japanese official declined to comment on reports that Brazil would ask for help in raising about \$7 billion in additional credits this year. He said Mr. Funaro's Tokyo visit was decided upon suddenly and "we don't know whether Brazil will

file a complaint against imports of "U.S. corn exports to Canada are U.S. corn gluten feed, a byproduct so small that it is inconceivable that

Richard E. Lyng. about five The Canadian government tributawa is believed to be the first time nal ruled that imports of U.S. corn

grown with the aid of large govern-ment subsidies have hurt Canadian corn farmers. The tribunal said to offset the U.S. subsidies, Canada trade representative, called the de-cision "totally unjustified" and would apply a permanent import duty of 84.9 cents per bushel on the said it could lead to a rash of simi-U.S. corn. The tribunal's majority decision

on Friday reaffirmed a tariff im-

"We are going to complain bit-terly to the Canadians about this Yeutter said. According to U.S. figby any reasonable measure," Mr. action," said Agriculture Secretary ures, its corn shipments account for about five percent of the Canadian

The Ontario Corn Producers' Association initiated the complaint, but on Friday, its president, Cliff Leach, asserted the problem had its start in the grain dispute between the United States and the EC, in which a compromise was announced in late January.

"We are all caught up in a situaposed by revenue officials, and aption caused by European policies plies to grain corn in all forms, which have been devised for paroexcluding seed corn, sweet corn chial political reasons," he said.

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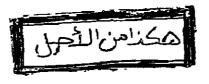
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New York Times Service

NEW YORK - Better-than-ex-

pected U.S. unemployment data

have dampened hopes for lower in-

negative reports on factory orders

Interest rates rose and prices fell

across a broad front in the credit

U.S CREDIT MARKETS

markets on Friday, as the unem-

ployment figures proved disappointing to dealers and traders.

The Labor Department reported

that the U.S. unemployment rate

remained at 6.6 percent in Febru-

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New	Int	Com	Piled	tio	nce D	l Bond Issues
Biner	Amount (millions)		_		Prior	
PLOATING RATE NO Marine Midland Bark					Weel	100 200
TMC Mortgage	\$100 £ 200	1999	14	100	99.25	Over 3-month Libor, Califoble at par in 1992, Redeemable in stock or in cash, Fees 0.75%, Denominations \$10,000.
Fig. Finance & Trade			.¥ 	100		Over 3-month Liber. Average life 5 to 8 years. Fees 0.50%.
General Motors	\$100	1991	71/4	10114	98.73	priced at \$45 each, price the right to hear \$400 at a found
Acceptance Corp.	\$300	1990	7	10114	99.68	exchange rate of 1.79 monks per dollar. Noncollable, free 1965.
Hoeschi Invest	\$100 \$300	1992 1994	7% 7%	100%	=	Noncolicible. Fees 196%.
BM Credit	\$100 \$300	1997 1990	814	101	99,20	Noncolicide. Fees 2%
Kamericisu-Gosho	\$ 50 \$ 75	1997	<i>7</i> % 8%	99% 101%	_	Noncollable private placement in denominations of \$25,000.
MONY Funding Nederlandse Gasunie	\$125 \$100	1997	814	1011/4	98.90	Noncollable, Fees 1965.
Saab-Scaria Simitoma Bank	\$150	1992 1992	7¼ 7½	101%	99.25 100.13	Noncolleble. Feet 13/%. Noncolleble. Feet 13/%.
Capital Markets Statoit	\$180	1992	71/2	101%	99.73	
Statoil	DM 200	1993 1997	5% 6¼	1001/4	99.00 98.25	Noncellable, Fees 29/%.
World Bank Anterican Brands	DM 250	1992 1994	514 914	100 99%	97.75	Noncolicida private plazament. Noncolicida. Fees 1815.
Overseos Credit	£ 40	1994	10	101%	_	Nancofable, Fees 1805.
Continerzbank Overseas Finance	£ 50	1992	9%	10114	99.45	Noncofiable, Fast 1966,
Dai-Ichi Kangyo Bank Nederland	€ 50	1992	9%	101%	_	Noncollable, Face 1986.
Deutsche Bank Finance (Guração) Pirelli U.K. Int'l	£ 75	1997	9%	10134	99.85	Collabia at 100% in 1994, Fees 2%.
Finance European Community	£ 50	1992	10	1011/4	99.88	Noncolloble. Fees 1985,
World Bank	DF 100	1997 1992	914 514	99% 100	97.50	Noncollable, Fees 2%. Noncollable private placement.
Euratom – KB-Rima	ECU 75	1993 1991	71/2	1011/4	99.50 98.25	Sinking fund to start in 1989, Fees 1966.
Merrili Lýnch Michelin Finance	ECU 100	1990 1990	7% 4%	101	99.63 98.75	Noncedoble. Rees 1964.
9		1770	-77	. 100%	76./3	Noncellable. Bach 1,000-BCJ note with 2 two-year warrants giving right to buy \$500 at a fixed exchange rate of 1,833 marks per dollar. Fees 1 K%.
World Bank Canada Zero	PM 900	1994 2001	10 zero-	30	99.63 29.00	Sentannually, Feet 1996, Yield 9.31%, Noncollable, Proceeds C\$44 million, Feet 1996.
Quebec City Scotta Mortgage	C\$ 100	1997 1992	9	100%	98.50 98.75	Noncellable, Fees 2%. Noncellable, Fees 1%%.
Victoria Public Authority Finance	C\$ 100	1992	834	100%		Noncollable, Fees 1995,
Commonwealth Book of Australia	Aus 125	1992	16	101		Coupon will be 16% the first year and will be reset every year thereafter of the one-year Australian Treasury rate. Redestrable every year at par. Fees 1966. Denominations Aus\$10.000.
General Electric	Au 4.7 5	1990	15	101%		Noncellable. Fees 198%.
Hamburgische Landesbank	Aud 50	1991	15	10116	99.50	Noncollable. Free 1986,
Morte Del Poscin di Siena (Singapore)	A45 #0	1990_	1514	10134	99.88	Northalitable Page 1996
Montecison Finance Overseos	Aud 50	1990	15%	101%	99.38	Noncollable. Fees 195%,
McDonald's State Bank of South	Aud 75. /		16%		99.75	Nancalable. Fees 2%. Coupon will be 16H% the first year and will be reset every
Atralia	y 12.000	1994	514	102		year thereafter at the one-year Australian Treasury rate. Redeemable every year at par, Fees 1956. Noncollable, Fees 1956.
Caisse d'Aide à l'Equipement des Collectivités Locales	¥ 12,000	1774	3%	102		Monicarcon, Page 1995.
Coisse Cantrala Desjordins du Quebac	¥10,000	1992	10. [1]	101%		Coupon will be 1% in first 2 years and 7%% thereofter. Nancalidate, Fees 18%, Denominations 100 million yea.
Caisse Centrale Desjardins du Quebec	Y 10,000	1994	5	102%	; -	Noncellable. Fees 176%.
DNC Int'l Finance	y 19,009	1992	2810	80.90	79.28	Yield 4,735%, Noncollable, Proceeds 15,130 million year. Fees 1,55%.
Great American First Savings Bank	y 15,000	1992	5	10134	99.88	Noncollable. Fires. 1765.
Nisson Motor Company	Y 35,000	1992	51/4	103%	101.50	Noncoliphia. Fee: 1996,
Nordic Investment Book	y 15,000	1992	4%		101.00	Noncellable. Fee: 1966.
World Bank	Y 5,000	1994	4.95	100		Noncelluble private placement. Fee: 1965.
Ashikaga Bank	\$ 50	2002	open	100	103.50	Semionanal coupon indicated at 26%. Callable at 103 in 1992, Convertible at an expected 5% pressure, Fee: 25%. Terms to be set March 11.
Ball Denki	\$ 70	1992	3	100	96.00	Noncellable. Sech \$5,000 note with one wavest exercisable into company's shares of 1,640 yes per share and at 154.40 yes per chare and a
Guntna Bank	\$ 50	2002	open	100	101.50	Semiconnuci coupon indicated at 26%. Collable at 103 in 1992, Convertible at an expected 5% president. Fees 256%. Terms to be set Manch 12.
Holdarido Bank	\$ 30	2002	open			Coupon indicated at 25%. Collable at 103 in 1992. Convertible at an expected 5% premium. Fees 25%. Terms to be set March 10.
Malsushita Electric Trading	\$100	1992	open			Coupon indicated at 29%. Noncollable, Each \$5,000 nate with one warrant exercisable into company's shares at an expected 26% precision, Fees 26%, Terms to be set March. 12.
Mitsubishi Estate	\$300	1994	3			Noncollable. Each \$5,000 note with one warrant exercisable into company's shares of 2,817 yen per share and at 154,65 yen per dollar. Feet 24%.
Mitsui	\$150	1992	open			Coupon indicated at 25%, Noncollable, Each \$5,000 nature with one warrant exercisable into company's shares at an expected 25% premium, Fees 26%, Terms to be set March 12.
Mitsui	\$150	1994	3			Noncellable, Each \$5,000 note with one warrant exercisable into company's shares at an expected 29% pression. Fee: 250%, Terms to be set March 12.
Mitsui Real Estate Development	\$200	1992	open			Coupon indicated at 29%. Nanadiable, Each \$5,000 nate with one warrant exercisable into company's shares of an expected 29% pression, Feet 26%. Terms to be set March 13.
Omron Toteisi	\$150	2002	2%	100		Semicranually, Collable at 103 in 1992, Convertible at 1,350 yen per share and at 154,65 yen per dollar. Feet 289%.
Japan Synthetic Rubber Company	DM 100	1992	open	100		Coupon indicated at 24%. Noncolloble. Each 5,000-mark note with one warrant econosistic into company's shores at an expected 24% pressues. Fees 24%. Teres to be set March 10.
	£115	2002	4	100		Redeemoble of 127% in 1992 to yield 816%. Convertible of 524 pence per share, a 9.85% premium, Fecs 291%.
lesco	FF 900	1997	1	100		Each 10,000-franc note with 18 three-year warrants stransis- able late into company's shares at 2,720 francs per share, at 1,57% premium.
Moet-Hennessy						

New Soviet Loan Cuts Cost Without Cutting Profit Data on Jobs

By Carl Gewintz

PARIS - The Soviet Union recatting the profit for lenders.

At first glance, Vneshtorg, the government bank for foreign trade, rowing cost by setting the interest operation, when the most visible rate at % point over the London part, the % point margin over Lisome bankers report that their ap-interbank offered rate. Previously, bor, will have been established as petite for new business is diminishthe state bank had paid a split mar- the benchmark. gin to borrow eight year funds, 14 point margin for live years and 4 point in the final three years.

Now it is offering to pay only 1/4 point throughout for a \$200 milon, eight-year loan.

tually no change. The new loan is finance. actually shorter and the commission paid to lenders higher, giving banks a return that is about equal to what they carned on the previous

The new fee is 35 basis points, or 0.35 percent, compared with the 25 basis points paid last year. In addition, the previous loan was a so-called bullet, payable in one lump sum at final maturity. Repayment commi on the new loan starts after the

point less for two years in return the income they can earn deploying higher fee in other business in international trade and are un-mitted. The committed portion has cility last month.

just about equals what they give up able to carn the hard currency to a maturity of five years and carries Lower Hopes

by cutting the margin. The apparent Soviet strategy is turned to the international credit aimed at getting lenders accus-market last week with an artfully tomed to the lower interest rate have to choose between allowing

INTERNATIONAL CREDIT

succeeded in driving down its bor- presumably will come in the next

In fact, bankers say, there is vir- nimed to provide short-term trade

Vneshtorg will pay the banks an agreement that investor appetite annual facility fee of 10 basis continues to grow.

The latest entrant into the martive of whether any drawings are made. Banks participating in the facility are to be invited to propose borrowing terms through a tender panel but are committed to providpanel but are committed to provid-ing cash at a maximum cost of 15 and Swiss Bank Corp. to market up basis points over the acceptance to \$300 million of Eurocommercial

Last week, the Organization for opment reported that the Soviet s means the banks earn 1/4 Union, like its East European alties, would be forced to borrow increasingly on the international basis points. Bankers calculate that market to finance Western imports because all are losing market share sections, committed and uncom-

chemical company, at 83 basis points over the U.S. Treasury yield

curve. In all, the company raised

\$500 million to finance its purchase

seven-year notes, priced to yield 91

basis points over the Treasury rate.

and its \$100 million, 10-year bonds,

priced to yield 103 basis points over

Those spreads, large as they

five years. The 10-year issue had

tutional investors were afraid that

the secondary market would not be

the curve, did not go over well.

pay for imports.
Unless this trend can be arrested, constructed loan that established a without asking them to accept an foreign borrowing to rise to levels new low rate of interest without actual reduction in charges. That that neither the countries themselves nor their lenders may find acceptable or sacrificing goals of growth and investment by cutting

Western imports. In the commercial paper market,

At the same time, Vneshtorg is seeking to increase the £150 million dealer said, "where in order to take You get to a certain level," one bankers' acceptance facility estab- on new business you have got to lished last September. Banks are take on additional staff." But the being asked to commit for an addi- current level of profitability martional £100 million, all of which is ketting such paper is not sufficient

to justify that expansion, he said. Nevertheless, there is general

ket is Philips NV of the Netherlands, making its first foray into this segment of the credit market. It has appointed Bankers Trust, Citi-

Kyowa Bank Ltd. of Japan apsixth year, giving an average life of Economic Cooperation and Devel- pointed Chase Manhattan to arrange a certificate of deposit program for up to \$100 million. The paper will have maturities of one, three and six months.

ine with the yield on the compa-

my's existing three-year issue. But

when the new issue hit the market

the outstanding paper dropped in price to yield 28 basis points over

he curve and the price of the new

Nevertheless, lead manager

GMAC priced its \$300 million of

three-year notes at 48 basis points

over the Treasury curve, but bank-

ers said another 10 basis points was

The least well-received of the

the U.S. Treasury yield — regarded ness bankers say even domestic cli-IBM Credit Corp. and General as far too low. Offered at 101% ents are put off by yen yields below

Motors Acceptance Corp. attempt-ed to fill the market's desire for the notes ended down 24 points — backlog of unsold paper and a

underwriters.

Swiss Bank Corp. said it saw good demand from Switzerland and the

issue dropped to the same level.

The facility is divided into two

an annual facility fee of 5 basis points. Drawings under this facility points. Drawings under this facility will yield a margin of 5 basis points For Rate Cut

over Libor plus a utilization fee of 5 basis points if more than half the amount is used. Under the uncommitted facility. Kyowa may request a tender panel

of banks to bid for CDs. Each terest rates that had been raised by tender panel member also has the right to present direct bids to and leading economic indicators. Den Danske Bank of Denmark

appointed Salomon Brothers to market up to \$200 million of shortand medium-term CDs. The Italian savings bank Cassa

di Risparmio di Roma is seeking to raise \$100 million through the sale of CDs. It has named Chase and Swiss Bank Corp. as dealers.

In the sterling market, Industrial Bank of Japan's London branch ary, the same as in January and pecember. In addition, the rise in program for up to £200 million.

Rank Organization appointed double most predictions, and the County NatWest, Samuel Montagu factory workweek rose to 41.2 and Swiss Bank Corp. to market up hours, its highest level in more than to £100 million of CP.

In the syndicated loan market,
Chase Manhattan reported that rerates had been buoyed by reports negotiation of Sweden's standby of a 4 percent decline in factory facility was completed last week orders and a 1 percent drop in the terms on a smaller amount. The tors in February. quick oversubscription of this renepending hardening of bank loan charges that was triggered by the resistance Electricité de France ran into renegotiating its \$1 billion fa-

pensive and too short.

obliged to sell stock.

U.S. bank, but despite terms that

professionals regarded as generous

t failed to attract much support.

Marine Midland set a coupon of 25

basis points over the three-month

London interbank offered rate and

paid underwriting fees of 75 basis

points. But the paper ended the week trading at a discount equal to

Both the DM and yen sectors

orders and a 1 percent drop in the with 46 banks agreeing to lower index of leading economic indica-But Theodore Tung, an econogotiation may calm talk of an immist at the National City Bank of Cleveland, said: "The workweek

and factory employment statistics indicate that improved industrial production figures will be reported next Friday, which would make an easing of interest rates by the Fed

On Friday, the bellwether 71/2 percent Treasury bond due in 2016 opened at 99 31/32, down from 100 20/32 on Thursday. It closed at 99 Also well-received was the \$100 notes were priced to yield 20 basis \$500 at a fixed exchange rate of 28/32, for a yield of 7.51 percent, points over the Treasury curve, in 1.79 DM were considered too exwhile the 74 percent issue due in 1996 ended at 100 9/32, off 18/32, The floating rate note sector saw to yield 7.20 percent. its second issue of the year from a

Among shorter securities, the Treasury's new two- and five-year issues were offered at prices slightly higher than the averages set at the previous week's auctions. The 614 percent two-year issue fell 5/32, to 99 24/32, to yield 6.39 percent, while the 6% percent, live-year is sue was at 99 12/32, off 11/32, to yield 6.76 percent.

the fees, that is down % point. Among Treasury bills, the three These are capital notes, meaning month bill rate rose to 5.65 percent, while the six-month bill advanced needed to be attractive. This issue paid in Marine Midland stock or to 5.67 percent. also traded outside the fees paid to cash. But to pay in cash the bank is



EUROBONDS: Selective Demand for U.S. and Canadian Dollar Issues

General Electric Credit Corp., Mc. million of five-year paper marketed Donald's Corp. and Monte Dei by Hoechst, the West German

While bankers said there was increasing interest in Canadian dollar paper they admitted it was not cal concern. But its \$300 million of going into the new issues offered last week. The first zero-coupon bond ever in this sector, called Canada Zero, was packaged by CIBC Ltd. The Canadian bank used Canadian government bonds stripped of interest payments to market 14-year bonds priced at 300 were, simply were not enough to dollars that will be redeemed at overcome investor reluctance to 1,000 dollars. The capital gain at commit their funds for more than repayment is equivalent to an annual rate of interest of 9.31 percent another drawback, its relatively -a level most analysts regarded as small size. Bankers said that institoo stingy.

As for the U.S. dollar sector, only two issues drew a favorable response. Saab-Scania sold \$150 million of five-year notes at a price Motors Acceptance Corp. attempt- bearing a coupon of 714 percent, of 101% bearing a coupon of 7% percent. At the offering, and less short-dated paper, but the terms well outside the underwriting fees growing pile of unprofitable curthe full underwriting fees of 1% offered were considered skimpy, of 1% points. The two-year curren-rency swaps that ultimately will percent, the paper for the Swedish IBM's \$300 million of three-year cy warrants, priced at \$45, to buy choke the flow of new issues. aircraft and automobile manufacturer yielded 94 basis points, or 0.94 percent, over the yield on comparably dated U.S. government pa-

Although the company's debt is not rated, the margin over the U.S. erous for a household name that investors regard highly.

Exxon Finds Some Bonds Are Forged

NEW YORK - Exxon Corp. has uncovered forgeries of zero-coupon notes issued by Exxon Capital Corp. in the Enrodollar

Exxon, the world's No. 1 all company and second largest indus-trial company, said about 1,900 notes with an aggregate face value of \$19 million and a market value of about \$4 million have been idendne Nov. 15, 2004.

An Exxon spokesman said Fri-day that the forged notes are beares securities, meaning the person in possession is assumed to be the

Most of the legitimate notes are recorded in book-entry form but investors should be warned that the forgeries are circulating and to have any such notes they hold aued, Exxon said.

It said the forgeries are being investigated by Morgan Guaranty Trust Co., the paying agent for the issues; Euro-Clear and Cedel, the two major European securities clearing systems, and police in London and Brussels.

Exxon said Euro-Clear "has exmined to its satisfaction all notes physically" at its Morgan Guaranty depositary in London and "is ursuing the examination for authenticity of new deposits of these notes as they enter the Enro-Clear

Exton said Cedel was reviewing all the notes within its system. At Exxon's direction, Morgan Guaranty is ready to validate any notes in order to establish their anthenticity.

	SELECTES C.S.L./Q.T.I	C. (80T	ATMINS
			ARK
	Bitter Corp.	314	3%
	Chiron	294	30%
1	GoodMark Foods	15%	15%
1	MAG Holdings	5	. 5%
1	NAVAIR	24	26

WITH CONFLIMENTS OF CONTINENTAL AMERICAN

Spectrodyn

Market-Minded Investment Strategies Nikko Securities Announces Expansion of Its European Network

dollar issues was Fiat Finance & were abandoned by international Trade's. The four-year notes were investors, leaving only domestic cli-

offered to yield 65 basis points over ents buying such paper. But Japa-

New Representative Offices in Milan and Madrid

Our new representative offices in Milan and Madrid will initiate operations on March 9, 1987 to provide added services to international clients. With the opening of representative offices in these two cities, Nikko's international network rises to a total of 21 locations.

While our association with clients in Milan and Madrid already has a considerable history behind it, the opening of our new representative offices marks a new chapter in our commitment to better serving clients in these important markets.

The expansion of our network brings Nikko's expertise and resources even closer to clients. Few others can match our broad-ranging capabilities in research, for example, and our market-minded perspective has made us one of the leading capital market traders and investment banks worldwide.

We are continuing to build an around-the-clock trading capability with seats on the Tokyo, London, New York, and other major securities and futures exchanges. Backed by Nikko's network, comprehensive services, and professionals around the world, our new locations in Milan and Madrid will play an increasingly important role in providing responsive international services.

Nikko Securities

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Belgium	B.Fr.	10,700	5,800	3,200	29	50	B.Fr. 21	B.Fr. 7,644	
Denmark	D.Kr.	2,300	1,250	690	6.30	10	D.Kr. 3.7	D.Kr. 1,347	
Finland*	FM	1,630	880	490	4.50	8	F.M. 3.5	F.M. 1,274	
France	FF.	1,400	760	420	3.85	7	F.F. 3.15	F.F. 1,147	
Germany*	DM	560	300	170	1.55	2.7	D.M. 1.15	D.ML 419	
Gr. Britain	£	120	65	36	0.33	0.55	£ 0.22	£ 80	
Greece	Dr.	20,000	11,000	6,000	55	100	Dr. 45	Dr. 16,380	
Ireland	£Irl.	140	77	42	0.38	0.70	£Irl. 0.32	£1. 116	
Italy	Lire	350,000	190,000	106,000	960	1,800	Lire 840	Lire 305,760	
Luxembourg	LFr.	10,700	5,800	3,200	29	50	L.Fr. 21	L.Fr. 7,644	
Netherlands	FL	634	340	190	1.75	3	FL 1.25	FL 455	
Norway*	N.Kr.	1,650	900	500	4.50	8	N.Kr. 3.50	N.Kr. 1,274	
Portugai	Esc.	19,000	10,400	5,700	52	125	Esc. 73	Esc. 26,572	
Spain*	Ptas.	26,500	14,600	8,000	73	135	Ptas. 62	Ptas. 22,568	
Sweden*	S.Kr.	1,700	920	520	4.70	8	S.Kr. 3.30	S.Kr. 1,200	
Switzerland	S.Fr.	490	270	148	1.35	2.50	S.Fr. 1.15	S.Fr. 418	
Rest of Europe N. & French Africa, Middle East		400	220	120	1.19	Varies by country	\$ 0.89		
Rest of Africa Gulf States, Asia	S	550	300	165	1.64	Varies by country	\$ 1.51	100	

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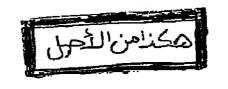
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International Bond Prices

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AB 1.194	2) 3	456	54% 55 12 13	# +2%	BFCW	976		108 971/a	7.42	9.14 (7.23	Robobook	7Vz	96	78%	7,71	7.40	Eurofime -	61/2		1061/2	551	- 6.10
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2 755 & OW			8.84	101	2DF	9	97	1957b	5.73	3.50	AIDC	444		10574	524 5.49	544	Niepon T&T		%	10514 10514	430 5.18	5.40 5.51
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Treasury Bonds

By Michael T. Kaufman

New York Times Service

pend debt service payments.

World Bank

to commercial banks.

land could understand Brazil's

frustrations and actions and that

Poland would be even more justi-

tive trade and credit restrictions.

and the World Bank, said that he

than sympathy. His government,

which was readmitted to IMF

membership last June after it quit

36 years ago, is eager for a long-term program of IMF credits to

stabilize an economy that is sad-

dled with huge debt, low export

earnings, deteriorating factories

Before the readmission was

granted. Poland raised some food

prices, devalued its currency and

But those measures are not ex-

IMF to require major adjustments before loans are offered.

(Continued from first finance page)

partment indicated that, in a subse-

likely be found anti-competitive.

quent full review, a takeover would

USAir said in a statement late

Friday that TWA's takeover effort

is in direct violation of the Federal

Aviation Act." It added, "TWA's

actions make a mockery of the reg-

ulatory process and amount to one

more example of a corporate raider

flouting the law by abusing the gov-

Matthew V. Scocozza, the assis-

and an uninspired work force,

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BELL: **Getting** to Market

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(Continued from first finance page) ank the labs have a wonderful opportunity. But with the door open to them to impact the market-place, we're really not seeing

Mr. Goldman sees a parallel between AT&T today and Xerox in the 1970s. Mr. Goldman was mstrumental in founding Xerox's Palo Alto Research Center, perhaps the most creative computer research laboratory of the 1970s.

The center did pioneering re-

search into personal computers, laser printing and data communica-tions, which are now multibilliondollar markets.

Yet Xerox never quite succeeded in capitalizing on its technologies, conse of conflicting corporate priorities and the burdens of "schnology transfer," the process of getting a technology off the workbench and into the field.

Venture capitalists, entrepreneurs and aggressive younger com-panies brought the research center's concepts to market

difficult technology transfer is at a large company," Mr. Goldman said. "I did then and Bell Labs is

Neither AT&T nor Bell Labs sees it quite that way. AT&T's president, Robert Allen, said, "Twe been very pleased by the Bell Labs responsiveness to the better than I expected.

"But that doesn't mean they're perfect. That doesn't mean that they've done enough."

Bell Labs executive vice president, Sel Buchsbaum, said, "Fair people would conclude that we have done a very good job, but I'd be the first to say we still have a long way to go."

Mr. Allen said he would grade the Bell Labs efforts at technology transfer a "solid R"

But Mr. Bell of the National Science Foundation said, "I call that grade inflation. I'd have a hard time giving them a B. Besides this is really a pass-fail marketplace," there the only grades are pass or

Bell Labs is still adjusting to that is by encouraging the designers to marketplace. Regulatory restric-tions following the breakup pre-through to production and sales. vented researchers and development-people in different parts of the company from communicating with each other. Similarly, hundreds of people left the labs after divestiture to join BellCore, the research arm of the seven regional Bell operating companies.

talk with each other sewed the Mayo, executive vice president of Labs employees acknowledge, is Network Systems at Bell Labs. He that, for the most part, people do said that those problems were grad- not join Bell Labs to create market-



Nobel prize winners: John Bardeen, left, William Shockley and Walter H. Brattain at Bell Laboratories in 1948.

ually disappearing as regulatory AT&T and Bell Labs say they

are working aggressively together to bring ideas to market far more rapidly and cost effectively.
We realize that we work for a

company that isn't a monopoly and that we don't have the hutury of time we once did," Mr. Buchsbaum said. "We're working to reduce the product development cycle. We used to do things in a serial process; we have to telescope things into a much shorter time frame."

AT&T now encourages the labs to work with AT&T's marketing and manufacturing people.

"I think this management system is getting progressively better," said Wayne Weeks, president of AT&T Network Systems. "The dovelopment groups are better integrated into the business planning groups. But clearly the biggest problem we have is the product realization process: We are not conceiving designing developing and introducing products nearly as fast as I'd like."

One way AT&T and the Labs have tried to accelerate the process

"We've tried very successfully in some cases to let the designer keep some sense of ownership," Mr. Weeks said. But some of the experiments we have been trying have failed I wouldn't kid you about

The transfer from the laboratory "The several years we couldn't to the factory floor "remains the single biggest bottleneck," he said. One reason, both AT&T and Bell

able technologies, they join to cre-

Mr. Goldstein said, "You have need to be changed. Speed of response is clearly one area; arrogance — these are things that are very difficult to change because they're part of what made Bell Labs

"My doubts go to management and culture rather than technology and product," he said, "The measure of success is not the number of tents, it's in the marketplace."

Mr. Buchsbaum and other Bell Labs managers insist that a new Bell Labs is emerging that will give AT&T quality research and inno-

Mr. Mayo of Bell Network Systems predicted that Bell Labs developments in fiber optics, software and high-speed data communications would create a product "revolution" for AT&T.

Mr. Allen, AT&T's president, expects nothing less. "The marketplace is going to change very draatically over the next five years, years," he said.

The research and development budget line "will be a function of success in the marketplace and what is competitively required," he said. "We will try to reduce the percentage of cost that relates to R and D." The Bell Labs budget this year is \$2.5 billion.

Mr. Allen added: "We're placing a hell of a lot of effort in the labs and we're expecting a hell of a lot

ernmental process for personal But until those expectations are met, Paine Webber's Mr. Grubman noted, "Bell Labs is more of an tant transportation secretary for policy and international affairs, asset to the general scientific comsaid the Transportation Depart-

At the moment, most economists economists here as the only way to Mr. Urban said that the governhere are concentrating on the debt restore Polish creditworthiness at a ment was committed to paring the WARSAW - The Polish govburden as the most pressing of time when the removal of U.S.

Poland Makes All the Right Noises for IMF Relief

discussing reform and austerity measures.

lost its most-favored-nation status.

In anticipation of the touch con-

Polish economic planners are dis-

cussing reform and austerity mea-

prices and liquidating failed enter-

tion and implementation

putting into effect any recommer

ed IMF policies and noted that

some measures had already been

been put on alert and three have

actually been liquidated," Mr. Ur-

Some independent economist

said that if Western standards of

efficiency were to be used to deter-

the two could combine. Pan Am,

David Shipley, a spokesman for USAir, decimed to comment.

attempt to interfere with its take-

over of Piedmont Aviation Inc. for

Icahn made his surprise offer on

Wednesday when Piedmont's

board was meeting to decide on the

USAir offer, a decision it then de-

Mr. Icahn has said he might con-

USAir has said TWA's bid is an

han said

ment would continue to consider management offcial at Pan Ameri-

an independent voting trust. This like TWA, is primarily an interna-

USAir's shares if the company's \$1.65 billion in cash and stock Mr.

fenses, with one source saying Mr. sider a merger involving all three

laved.

TWA's request for approval of its can World Airways about whether

United States at low tariffs.

erament gave a nod of sympathy many related economic problems. sanctions offers some renewed Poland owes about \$35 billion to hope of investments and export last week to Brazil but choked back any impulse to follow suit and sus-Western countries and banks. The credits from Washington.

yearly interest runs to about \$3 Instead, the Poles are pinning billion, while the country's ability remaining economic sanctions their hopes for economic relief on to pay, that is, hard currency earn-against Poland on Feb. 19, reductough discussions with the Internaings minus the cost of imports, runs ing tariffs on the importation of to \$1.5 billion to \$2 billion. This some Polish goods and enabling tional Monetary Fund and the

Brazil suspended interest payments Feb. 20 on \$68 billion owed In anticipation of the tough conditions the Jerzy Urban, the Polish govern-ment spokesman, declared that Po-IMF will be seeking, economic planners are

fied than Brazil in taking the same means that even with no new bor- Poland to seek loans from U.S. course because its economy had rowing the total debt continues to

been damaged by five years of Western sanctions with their puni-The recent decline in the value of the dollar has also boosted Polish But Mr. Urban emphasized that debt, since much of it is denominat-Poland would continue to honor all ed in currencies other than the

Wladyslaw Baka, the head of the Polish economists are aware that Polish National Bank, who has just completed preliminary talks with their government stands the best chance of obtaining medium-term the International Monetary Fund IMF relief if it meets its interest payments as rescheduled by the so-"found a good deal of understand-ing for Poland's difficult economic called Paris Club of its creditors last Inne. But it cannot meet the revised schedules unless it receives But Mr. Baka is seeking more

> Last June Western bankers and Polish officials agreed to reschedule \$1.62 billion in principal due in 1986 and 1987 to commercial banks. It was the second time that the debt, which is owed to around 600 Western banks, had been re-

One European diplomat who monitors Poland's economy noted that "in the matter of debt repayment as with so many other aspects of the Polish economy, what seems to be necessary often appears impected to satisfy the IMF. Polish overnment economists expect the

ossible."

mine solvency, a significant perAdhering to revised schedules centage of Polish companies would for debt repayment is viewed by be forced to close.

WA: Airline Says New Proposal Will Meet Guidelines

purchase of USAir stock through

method allows a potential acquirer

to gain a majority of stock while awaiting regulatory approval.

Mr. Icahn has threatened to

make an offer directly to stock-

holders for up to 51 percent of

board refuses to accept his offer of

Meanwhile, industry sources

said that Edward L Colodny, the

chairman and president of USAir,

had been seeking to build his de-

Colodny had talked with a senior air carriers.

subsidies paid to industries and He said that in the current annu-

al plan subsidies were being kept President Ronald Reagan lifted on the same level as they were last year but that disbursements. following a marked devaluation of the

zloty against foreign currencies, had effectively dropped by 15 per-"In such ways, gradually year after year, the amount of funding will decrease for some goods," Mr.

Urban said. But bedeviling the plans of the economists are the political realities of a country where social up-

heaval has in the past been provoked by austerity programs. In the past few years, price in-creases have been followed by se-Under the sanctions, Poland had lective wage increases, usually in the largest factories where he proswhich allows imports to enter the pect of disruption frightens manag-

ers and politicians. ditions the IMF will be seeking, The planners have predicted price rises of about 17 percent this year, covering all areas of economic activity, including housing, trans-portation, heating, fuel, food, ciga-"They are saying all the right

things about eliminating subsidies, holding the line on wages, raising retues and alcohol. The ministers, many of whom are trained economists, have been describing curbs and cuts as the prises," a Western diplomat said. painful but necessary road leading However, he added, "There is a real out of crisis. Many hope that an gap here between conceomalizaoften volatile and long-suffering Last week Mr. Urban insisted Polish society will bear further that the government was intent on

Morocco Wins Delay on Debts To Governments

RABAT, Morocco - The Moroccan government's industrialized creditor nations have agreed to delay \$900 million of debt repayments originally due in the next 15 months, Morocco's news agency said Sunday.

The agreement, reached at a meeting Friday with Il countries of the so-called Paris Club, allows Morocco to postpone over 10 years debts falling due from March 1987 to June 1988. The accord includes a five-year grace period when Morocco will not repay any principal.

Finance Minister Mohamed Regrada told the Paris Club the kingdom needed to reduce its immediate repayments to achieve higher economic

Morocco's difficulties with its \$14 billion foreign debt stem partly from a collapse in prices for phosphate, one of its major exports. Last year, it rescheduled about \$1.8 billion in medium-term loans to commercial

In December, the International Monetary Fund approved a \$276 million loan to

Wall Street Review

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advice 23 — Mornes 24 Opposite of 25 Astonishes

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11 Part of an eyelid 12 Scope 13 Trim 21 Sappho creation 22 Conserve of

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33 Type of car 35 British gun 38 Enlarge 39 Graphic symbol 40 Conflict

46 Equipped with

crew 47 Actor Carney 48 Queues 49 Not napping 50 Toss 51 River in Russia

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C New York Times, edited by Eugene Malesko

DENNIS THE MENACE



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SPORTS BRIEFS

Zurbriggen Wins World Cup Downhill Title

ASPEN, Colorado (Combined Dispatches) — Pirmin Zurbriggen led a Swiss sweep of the top three places to win a downhill race here Saturday and add the World Cup downhill title to the overall crown he captured a week earlier.

Zurbriggen, 24, was timed in 1 minute, 47.29 seconds down the icv, bumpy course, ahead of Swiss teammates Daniel Mahrer and Karl Alpiger. Peter Miller, the only skier who had a chance to catch Zurbriggen in the downhill standings, missed a gate and was disqualified. Zurbriggen became the first skier since Karl Schranz in 1970 to win the World Cup overall and downhill titles in the same season.

At the Mount Allan resort in Alberta, Canada, warm weather and dangerous

At the Mount Allan resort in Alberta, Canada, warm weather and dangerous snow conditions caused officials to move a World Cup women's downhill from Saturday back to Sunday, and to call off the super-giant slalom that had been

Langer 2-Shot Leader in U.S. Golf Tourney

CORAL SPRINGS, Florida (AP) - Bernhard Langer contended successfully with a rain-delayed start, slow play and his own erratic putting to maintain a two-stroke lead after Saturday's third round of the Coral Springs golf tournament. The West German's 70 put him at 207, 9-under-par for three trips over the

The West German's 70 put min at 201, The East German bruised her heel on her next-to-last of play. Under the wet conditions, players were allowed to lift, delay of the start of play. Under the wet conditions, players were allowed to lift, to-last try in the long jump, but after about an hour's rest she came back for the 200 and showed

clean and place balls in the fairway.

Langer, who had a two-shot lead at the start of the day, three-putted twice in the early going and twice slipped into a tie for the lead. But he regained sole control with a birdie on the 15th and stretched the margin back out to two when Bruce

Lietzke bogeyed the 18th. Lietzke also had a third-round 70 and was tied for second at 209 with Mark Calcavecchia, who shot a 68.

hour's rest she came back for the 200 and showed no ill effects. Drechsler established a big early lead and won handily, breaking the mark of 22.39 set by compatriot Marita Koch in 1983.

Drechsler and Koch, who retired this year, at 209 with Mark Calcavecchia, who shot a 68.

Solution to Friday's Puzzle ABEL SHEAF I MAM RIANI CAPRA MULE MATTERHORN PTAS SLEEVE SATIATES REEF SAALE RIEMANDED INERTS OVETT REELS LAT ROTE CALMS VASE IRT SALVE DENTE CAESAR ENGENDER RENDS DATE CONCEALS PEEWEE OBIT MITTER AND POCO OGLER ECTO SEHR MOODS DOOM

Clemens Walks Out

WINTER HAVEN, Florida (AP) -Roger Clemens of the Boston Red Sox, the American League's most valuable player and Cy Young Award winner, failed to report on Saturday, 24 hours after walking out in a salary dispute. On Friday, he told Manager John

McNamara he wouldn't pitch against Detroit in Saturday's preseason open-er, and left the ball park with his gear. Clemens made \$340,000 in 1986.

The Red Sox have offered him a reported \$500,000, plus incentives that could boost his pay to \$850,000. The club says Clemens wants a two-year contract worth \$2.4 million.

SPORTS

Drechsler, 4 Others Set Indoor Track Marks

INDIANAPOLIS - Five records have fallen at the first world indoor track and field championships here, with Heike Drechsler of East Germany continuing her hot streak in the United States.

Drechsler, who set a world best in the long jump last weekend in New York, won the women's 200-meter dash on Saturday in a world-best 22.27 seconds.

Other world marks were set Saturday by Ben Johnson of Canada in the 60-meter dash and by Mikhail Schennikov in the men's 5,000-meter walk. On Friday, Greg Foster of the United States broke the world mark in the 60-meter hurdles, as did Olga Krishtop of the Soviet Union in the women's 3,000-meter walk.

Drechsler, a long-striding 22-year-old who is nearly 6 feet tall (1.84 meters), warmed up Satur-day by winning the long jump at 23 feet, 3½ inches, well short of her week-old mark of 24-14.

After the race, Drechsler said she continued in the long jump despite the heel injury because when you want to do your best you have to take risks, and my form was very good. If your form is good, you have to keep jumping."

Her sensational performance in the sprint came before a Hoosier Dome crowd of 20,023, the largest ever to watch an indoor track and field meet; the previous record crowd was 18,325 at the 1986 Millrose Games in Madison Square Garden.

About 15 minutes before Drechsler ran, Johnson, the world's top-ranked man in the 100 meters, set a world-best 6.41 in a 60-meter race marred by two false starts.

The first appeared to be called against Johnson, but apparently was not charged against anyone in the eight-man field. The second, originally charged to the Canadian, was changed and

went against Christian Haas of West Germany. When the second false start was first called against Johnson, he walked disconsolately around the infield of the track. But the reprieve appeared to revive his spirits, and in the race he was out swiftly, as usual. The previous indoor mark of 6.44 also belonged to Johnson; he ran that time twice this year.

Johnson also set a world indoor record of 5.55 for 50 meters this year, and in 1986 he ran the fastest ever sea-level time for the 100 of 9.95.

"After the second false start, I wasn't angry," Johnson said. "I was just trying to calm myself before getting into the blocks and trying to concentrate on the race."



Schennikov, at the end of his brisk walk.

In the men's 5,000-meter walk, a protest, delayed recognition of Schennikov's world mark of 18:27.79. Schennikov, who led virtually all the way, and Jozef Pribilinec of Czechoslo vakia came across the finish line nearly together. The two appeared to bump just before the tape, and when the race ended, Pribilines wern, crashing to the track. The Czechoslovak team,

Pribilinec was timed in 18:27.80 and third-place finisher Ernesto Canto of Mexico in 18:38.71. The first three-all were under the former mark of 18:44.97, set this year by Rott-

former mark of 18:44.97, set tims year by Romald Weigel of East Germany.

On Friday, Foster, the Chympic silver medalist, led his semifinal heat of the 60-meter hundles in 7.46 seconds. The recognized world mark is 7.41; Foster has recorded a 7.36, but that clocking is being challenged by those who say it will accomplished with the aid of a false start.

"I felt I didn't run a complete race, I don't think I pushed myself," said Foster, adding that he thinks he has the potential of going under 7.36 and ending any question about the world mark.

he times he has the potential of going under 1.30, and ending any question about the world mark. In the women's 3,000-meter walk, Krishton's time of 12 minutes, 5.49 seconds broke the previous indoor best of 12:31.57 set by Candiana Saloe of Italy in 1985.

In another Saturday event, Marcus O'Sulle's van of Ireland rallied in the closing steps to edge José Abascal of Spain in the men's 1,500 meters in 3:39.04.

meters in 3:39.04.

meters in 3:39.04.

The favorite for the 1,500 gold medal, Famoun Coghlan of Ireland, did not compete Saturday. Coghlan spent much of Friday frautically trying to be allowed into the final after falling in his qualifying heat. He bounced up and turned in a sizzling final quarter unofficial. ly clocked at 54 seconds.

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However, he placed fifth in the heat when he was passed by Dieter Baumann of West Garmany and Canada's Dave Campbell just before the finish line. That put Coghlan out of the final, which was open to the top nine qualifiers.

Coughlan, the 10th qualifier, was briefly allowed back into the race before being ousted by a jury and then rebuffed in subsequent efforts. to join the field.

Coghlan fell on the fifth lap when he spiked the leg of Baumann. Both runners called the

WORLD STOCKS IN REVIEW / Via Agence France-Presse

Amsterdam

Trading on the Amsterdam stock exchange turned stronger late last week under the influence of year-end company results.

The ANP-CBS General Index finished at

267.4, compared with 264.1 the previous Friday, with total turnover reaching 4.561 billion guilders, against 4.472 billion the previous

Prices declined on Tuesday, although Unilever recovered, after the publication of its year-end results, to reach of 522.50 guilders. On Wednesday sentiment improved on good performances by the internationals, a trend that was also in evidence Thursday when Royal Dutch proposed to maintain its dividend despite a decline in profit.

Frankfurt

Share prices on the Frankfurt stock exchange gained 2 percent last week, with the Commerzbank index gaining 42.9 points to finish at 1,754.6.

While the market appeared reassured by the stabilization of the dollar, analysts said exchanges in Tokyo, New York, London and Paris would have to falter before investors begin to buy West German shares in great Volume came to 10.930 billion Deutsche

marks, against 10.950 billion the previous

Among the most sought-after shares were Daimler-Benz, in the automobile sector, which gained 27 DM to 975, and Schering, in pharmaceuticals, which added 9 DM to reach 595. KHD, in capital goods, gained 10.80 DM to finish the week at 159.80.

Hong Kong

A week of hectic trading at the Hong Kong stock exchange ended Friday with much of the gloss taken off the Hang Seng index. The Hang Seng closed at 2,798.64, down 79.23 points on the week, while the broader-

based Hong Kong index closed at 1,792.71, a

loss of 48.49 points. The week began well with dealers confident that a restructuring of Hong Kong Electric, run by Li Ka-Shing would being good news. On Monday and Tuesday, the Hang Seng index reached new heights, reaching just over 2,939 before Wednesday, when rampant pro-fit-taking stripped nearly 50 points from the

Worse was to come and dealers described Thursday's trading as "panic selling," when the index lost 92 points. Dealers said many investors were unhappy with Mr. Li's plans, especially holders of Hong Kong Electric

London

Although continued pre-budget optimism and a promising economic outlook initially boosted equities last week on the Stock Exchange, profit-taking and the Bank of En-gland's apparent reluctance to signal lower interest rates overshadowed the tone.

The Financial Times 30-share index reached a record of 1,613.5 points, before slipping back to close up only 1.6 points on the week, at 1,601.4. The more widely based FT-SE index, mea-

suring 100 leading shares, breached for the first time the 2,000 point mark, but retreated to end the week at 1.998.2 points. The number of transactions rose from 239,397 to 257,097.

Milan

Uncertainty surrounding Italy's political stability after the resignation of Prime Minister Bettino Craxi last week made investors wary, and Milan stocks edged downward in light

trading.
The Comit Index closed at 682,72, compared with the previous week's close of 684.92, and the Milan exchange index, which briefly passed the 1,000 mark late last year, was fixed at 940, down 3.

About 106 million shares changed hands, down 20 percent from the previous week's

Paris

The Paris Bourse soared to record heights last week, as the CAC index reached a new peak of 447.7 on Thursday before ending the week at 442.2 on Friday, against 429.1 a week

Analysts said activity on the French market was now robust enough to permit significant selling and buying without provoking dramatic price fluctuations, a characteristic much appreciated by foreign investors.

Japanese investors, for example, have now determined that Paris, along with London, offers the strongest potential this year. The British brokerage Savory Milln has predicted that the CAC index would soon reach 500.

Singapore

The bull run at the Singapore stock market continued for the third consecutive week and strong buying interest saw the three-year-old record high of the Straits Times industrial

The index rose to a record 1,073.00 points Thursday to surpass the previous high of 1,071.91 set on Feb. 8, 1984.

On Friday, the index dipped marginally to 1,072.78, but sustained buying interest was visible and investors were confident that the bullish trend would be maintained for some

The volume of turnover was high. Total turnover for the week was at 252.21 million units, 5.2 percent more than in the previous week, but value dipped by 19.3 percent to 450.33 million Singapore dollars.

Tokyo

Share prices kept rising on the Tokyo Stock Exchange last week, with the key market indicators bitting record highs live sessions in a row before sustaining sizeable losses Friday and recovering somewhat in half-day trading

Backing up the bullish market was extremely aggressive buying by institutional and corporate investors, led by banks and insurance

The 225-stock Nikkei Average, which gained 341.27 yen the previous week, progressed 700.94 to close after half a day's trading Saturday at 21,123.10 yen. The Nikkei Wednesday topped the 21,000-yen mark for the first time.

Zurich

The Zurich stock exchanged showed a modest gain last week, a trend analysts said could continue provided the dollar does not plunge. The Credit Suisse index ended the week at 535.2, just up from 530.1 a week earlier, while that of Swiss Bank Corp. rose to 637 points from 627.8.

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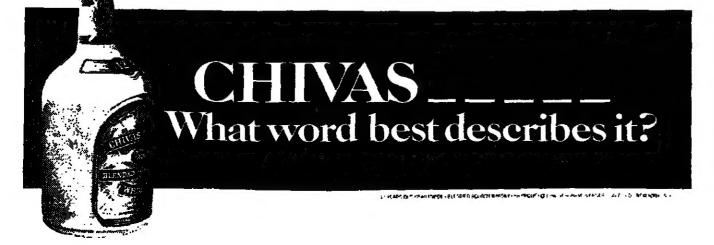




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GLEE CLUB: Coach Bob Staak was happily sandwiched by a jubilant Tyrone Bogues (14) and Greg Keith after Wake Forest Bob Dougherty/The Associated Se upset Clemson in the ACC tournament Friday night, but 24 hours later the Deacons fell to North Carolina State in double overtime.

Basketball

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A Double Dose of Double OT at ACC Tournament

By John Feinstein

Washington Past Service
WASHINGTON — So here we are at the meaningless Atlantic Coast Conference basketball tournament. You know, the one no one cares about because it doesn't decide an NCAA bid any more. That must be why Terry Holland had

COLLEGE BASKETBALL

almost no voice left Saturday after his Virginia team pushed North Carolina to the wall - and almost through it. That must be why Dean Smith scemed totally wired for 50

minutes of play. It also must explain why all those players keep hugging each other at midcourt after victories. And why the losers barely can get the words out as they try to explain what just

They say that the best day in sports is the semifinals of the NCAA tournament. Bet this: March 28 in New Orleans's Superin Landover, Maryland.

You want overtime? How about two — in the first game. North Carolina 84, Virginia 82. You want more? How about another two in the second game? North Carolina State 77, Wake Forest 73.

You want teams caring? Check the look on Tyrone Bogues's face as the continuation of his miraculous college basketball career hung in

You want memories? How about defense. If you want to know what You want memories? How about defense. If you want to know what {In the second game, Bennie Bolhis coach, Bob Staak, to take him ton scored four of his 16 points in out for a standing ovation.

Ket that saved North Carolina, second watch the tape with ton scored four of his 16 points in out for a standing ovation.

Afterwards, Valvano said: ond-ranked nationally, at the end

of the first overtime. How about Bogues racing downcourt with time running out before dishing to Antonio Johnson for a lay-up to create overtime No. 2 for Wake Forest and North Carolina

"This is like an NCAA tournament game," said the normally placid North Carolina forward, Joe Wolf. "No, it's not. There's no way that could be as emotional as this was, I can't ever remember being so. The Associated Press reported.

basketball as one could ask for. Not to mention a lengthy one. When Virginia-North Carolina was over, when the Tar Heels had climbed all over each other, Holland, with what voice he had,

talked about what a wonderful

In all, it was as sweet a day of

game it had been. Did he disagree with a couple of dome will have to go a long way to calls? Sure. "But in a game like that top March 7 in the Capital Centre one," he said, "how can you complain about the calls? It was as good a basketball game as you could ask for."

> "I didn't think I was that bad," he said when asked about his pirouetting, bellowing bench perfor-mance that led to a technical foul

Smith was less gracious.

late in the second half.

"Actually, it's my fault. I just get that way when we play Virginia. It has to do with their off-the-ball

some of the Cavaliers push and free throws with eight seconds left, hold away from the ball. gues had 17 for Wake Forest.]

But principally on Saturday. four basketball teams went out and long as they could.

first overtime buzzer, Kenny Smith's six-foot jumper with one second left in the second won the first semifinal for North Carolina,

[Virginia led by as many as 11 points in the first half and by eight points in the second half. But North Carolina caught up with a 10-2 spurt led by Wolf, who finished with 27 points.

to lead North Carolina State. Bo- what to say about him. He's just

"We were tired just watching the for 20 years and I've never seen a played as hard as they could for as first game," said the North Carolina State coach, Jim Valvano. "That baseline hook tied the game at the pep talks. We'd go out, fired up, out, what a sigh of relief. When he

> State was a final showcase for Bo-ACC has seen.

only shame in Wake Forest's loss was that there was no chance for 12 of his 20 points in the first 101/2

"Muggsy Bogues -- I don't know unbelievable. I've been in coaching

"Here's a guy 5-3 who absolutely was a classic. I gave my team three dominates the game. When he goes ready to go, then they'd play another overtime. Finally I just said the great basketball player."

In other college basketball action, Wake Forest-North Carolina The Associated Press reported: Nevada-Las Vegas 94, San Jose gues, as memorable a player as the State 69: The No. 1 Runnin' Ro-

He is only 5-feet-3 (1.61 meters), to the National Collegiate Athletic but Bogues transcends height. The Association tournament. Freddie Banks, a guard, scored

bels, 33-1, earned an automatic bid

cause it last missed the tournament more recently than Purdue. Indiana 90, Ohio State 81: In Bloomington, Indiana, Steve Alford scored 22 points and Rick Calloway added 20 to rally No. 4 Indiana from an eight-point deficit

through the championship game of

the Pacific Coast Athletic Associa-

tion tourney with their 18th

Michigan 104, Purdue 68: In

Ann Arbor, Michigan, Antoine

Joubert scored 30 points and Mich-

igan prevented No. 3 Purdue from

winning its first outright Big Ten title since 1969. The Boilermakers

finished in a tie with Indiana in the

Big Ten, and Indiana received the

league's automatic NCAA bid be-

straight triumph.

midway through the second half. Georgetown 84, Providence 66: In New York, the No. 7 Hoyas advanced to the final of the Big East tournament against Syracuse. Reg-gie Williams had 22 points and 11

rebounds for the Hoyas.

Syracuse 99, Pittsburgh 85: In New York, the No. 10 Orangemen got a tournament-record 35 points from Sherman Douglas to stop No. 11 Pittsburgh.

Alabama 87, Aubura 68: In Atlanta, the No. 9 Crimson Tide reached the Southeastern Conference tournament final against Louisiana State. Jim Farmer sank three consecutive 3-point baskets to trig-ger a 14-2 second-half burst for

Illinois 77, Michigan State 64: In East Lansing, Michigan, Ken Nor-man scored 21 points for the 12thcanked Illini.

Missouri 72, Kansas State 69: In Kansas City, Missouri, the No. 19 Tigers reached the Big Eight tournament final against Kansas. Nathan Buntin scored a career-high 28 points for Missouri.

Kansas 82, Oklahoma 77: In Kansas City, the junior Danny Manning accred 27 points to become the Jayhawks' career scoring

UCLA 75, California 68: In Los Angeles, No. 18 UCLA gained the in the final 10 minutes for the Bru-

French Down Scots, Welsh Win

By Bob Donahue

PARIS - It takes three to make a great match, the winning captain aptly said. France, Scotland and referee Keith Lawrence, a New Zealander, were the inspired trio in Paris on Saturday. The French - by a 28-22 score that set records - and the

sport of rugby were the winners. In Cardiff, the day's other Five Nations trio had no such luck Ray Megson, a Scot, strained to control a foul-tempered match that Wales dominated against England, 19-12, in mud, rain and bitter wind. Fullbacks kicked nine penalty goals (Mark Wyatt five for Wales, Marcus Rose four for England) and Weish prop Smart Evans scored a try.

There were six tries in brisk, dry Paris. Under Lawrence's liberal eye, players were too busy winning the ball and running with it to have much time for feuding. From all sides - officials, players, journalists and sundry others - at the banquet Saturday night came the verdict that this had been the best international match in years.

The Scottish coaching staff was impatient, an official said, to study films of the superb attackFIVE NATIONS RUGBY

ing that produced France's four tries - three by left wing Eric Bonneval and one by right wing Philippe Berot, who also kicked three penalty goals. Flyhalf Franck Mesnel kicked a dropped

Scotland's first try, evening the score at 4-4, was the work of No. 8 John Beattie, who blocked a clearance kick by fullback Serge Blanco, then recovered the ball and loped coolly away. Beattie and his flankers, Finlay Calder and John Jeffrey, had an outstanding game - but so did their French counterparts, Laurent Rodriguez, Dominique Erbani and Eric Champ.

The French forwards outweighed the Scots by an average of 11 pounds (5 kilograms) a man, and both sides expected the French to slow down in the last quarter. So Scotland aimed for maximum dispersal at hectic speed, while France wanted a fat cushion of early points.

An 18-7 lead at halftime looked slim to French captain Daniel Dubroca, who ordered an eight-minute assault that ended with Bonneval's third try. The feared Scottish comeback was

then so effective that Dubroca later said France would probably have lost if the match had lasted an extra 10 minutes.

Fullback Gavin Hastings -14 points in all, including a conversion — finished with four penalty goals from five attempts. He fielded a slick chip from flyhalf John Rutherford and passed to his younger brother, center Scott Hastings, for Scotland's

second try.

Fifty points is the most in any match in the two teams' 77-yearold series. France chalked up its highest score ever against Scotland, and Scotland's total was its biggest ever in Paris. But Scotland is still without a victory in Paris since 1969 - and England is still without one in Cardiff since 1963.

With three Five Nations Saturdays gone, France is three-forthree and assured of at least sharing first place in the tournament. England is zero-for-three. Scot-land, Ireland and Wales are 1-1.

The French will be after the grand slam in Dublin against Ireland on March 21 - but "it will be bloody hard," Scotland's captain, Colin Deans, has warned them - while the Scots host Wales. On April 4, Ireland goes to Cardiff and Scotland finishes at Twickenham against England.

leader with 1,901 points, 13 more than Clyde Lovellette.

final of the inaugural Pac-10 tournament against Washington, Reggie Miller scored 11 of his 28 points ins after Cal had closed to 67-65.

Hockey

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European Soccer

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11; Chariton, Manchester City 29; Lalameter, Aston Villa 27; Newcostle 25, FRENCH FIRST DIVISION Racing Club Parts 5, Lens 8 Metz 1, Lavel 0

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Auserre G. Marselille G Points standings: Bordeaux 26; Marselille Meloche) 9-138-30. Points standings: Sordeaux 26/ Marveille Montreal 2 1 8-3 Signopries 25: Toulouse 30; Ausarra, Nantes, Monaca, Massier 2 (32), Kurri 2 (46), Pouzar (2); Germain 25: Lovol, Lens 20; Roche Club McPhee (12), Skrudiand (18), Waiter (15), Poris 22; Saint-Ettenne, Le Hover 21) Toulon, Stots an spoil: Montrea (on Mosp 3-5-14; Scholux 19; Noncy 17; Rennes 15, Edmonton (on Hoyword) 4-7-22. Sufficis 9 4 1 8-5 Scholke 2, Nurembers 4 2 8 8-5 Boyer Leverkasen 3, Seruesia Dortmand 2

Schalke 2, Nurembers 4
Boyer Leverlassen 3, Borussia Dortmund 2
Polati standings: Boyern Munich 27: Hamburg 26; Boyer Leverlassen, Kolsersloutern 34; Werder Bremen 22: Stuffager 12: Sonsasia Dortmund, Cologna, Nurembers 20: Bayer Uerdingen 19: Woldfoot Mannhelm, Sonsasia Mänchenslodfoch, Bochum, Scholke 17: Einfracht Frankfurt 16; Homburg 12: Forfund Düsseldert 9: Ritus-Weles Bortin 5. Düşseldari 9; Blau-Weiss Bertin 8.

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ITALIAN FIRST DIVISION

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BASEBALL

pitcher, to a one-year contract.

ALINNESOTA—Signed Kirby Puckett, canter, to a one-year contract. hat Alvars Espinosa, Grey Gagne and Steve embardazzi, infletders, and Mark Portugal. OAKLAND-Signed Mork McGwire, third breamen, Announced that Jose Consecs, out

tracts. TORONTO—Slaned Mark Etchhorn, etch-er, and Cecil Fielder, designated hitter, to one-

er.and Caci Fleder, designored namer, mone-year contracts.

National League

NEW YORK—Signed Raticel Soptono,
shartstop, Lan Dykstro, outfleider, and Sid
Fernandes Pilcher, to one-year contracts. An-acunced that Rager McDawell, pitcher, has
gened to terms on a one-year contract.

BASKETBALL National Basketball Association NEW JERSEY-Named Harry Welling

bench-clearing browl in a same last ments. Voided the March 5 trade in which St. Loois sent Pat Hughes, right wing, to Horitard for a 1911) round droft choice becouse Hughes had not cleared wolvers within 30 days of his last transaction.
BUFFALO—Obtained Mark Naplet, right wing, and Lee Pagolin, datensemon, from Ed-

monton for Norm Locombe and Wayne Van Darp, right wines, and unspecified future considenzilons.

MONTREAL—Sent Gilles Thibundeou, er, to Sherbrooke of the American Hock-

Tyson Defeats Smith, Takes WBA Championship

LAS VEGAS - Mike Tyson felt good but not satisfied after he added the World Boxing Association bezvyweight championship to his World Boxing Council title. Most of the 14,000 who watched Tyson's

one-sided, 12-round decision over James (Bonecrusher) Smith here Saturday night were not satisfied either. "It was a boring 12-round fight, said Tyson. "I thought he'd try to

come out there and beat me up and try to win," he said. "He didn't want to fight. He was just trying to SELVIVE. Lou Tabat had Tyson on top by

120-100, while fellow judges Dalby Shirley and José Guerra each scored it 119-107. A computerized breakdown of

the punches showed Smith landed only 51 of 223 thrown while Tyson. the 7-1 betting favorite, connected on 191 of 317. Smith, 33 and making his first

WBA defense, decided not to mix it up with the unbeaten 20-year-old, who was making his first WBC de-Smith's best punch may have

been a right to the jaw in the final seconds of the final round. It rocked Tyson, but Tyson came back with a left book.

The short, blocky Tyson did not have the style to make a boxing match out of it, and the 6-foot-(1.93-meter) Smith chose not to turn it into a slugging contest.

The pattern of the fight was set in the first round. Tyson, who had to go the distance for only the third time in 31 pro fights, tried to feint to get inside and work the body and jabs and a couple of good rights. head. But when he got inside, Smith tied him up.

Tyson, who is listed at 5-111/2 but appears a couple of inches shorter, ras unable to unleash the clusters of punches that had marked his rise to stardom. When not tying up Ty-son, Smith circled away, to the displeasure of the crowd.

By Murray Chass

New York Times Service

they named. Dawson's lawyer,

break in what had been the appar-

would sign a contract for any salary in Tampa.



Mike Tyson, right, generating a little action in Saturday night's opening round.

the seventh, which ended with New York. Tyson won the WBC floored Andries four times in the Smith had connected with a left hook and caught Tyson with a right uppercut. Tyson landed several

Adding to the one-sided decision deducted one point from Smith in the second and eighth rounds for holding.

Tyson's purse was \$1.5 million, while Smith got \$1 million. shocking first-round knockout of

Smith landing a good left and right title with a second-round knockout sixth round and once in the ninth, to the head. Earlier in the round, of Trevor Berbick here last November when he went down again in the

Thomas Hearns knocked down second title defense. champion Dennis Andries six times was the fact that referee Mills Lane and stopped him at 1:26 of the 10th round Saturday to win the World Boxing Council light heavyweight championship, The Associated Press reported from Detroit.

The 28-year-old Hearns, who Smith won the WBA title with a previously held the World Boxing Association welterweight and the The best round of the fight was Tim Witherspoon last December in WBC super-welterweight titles.

When he went down again in the 10th, referee Ariel Herrera of Pana-Hearns Wins Third Crown old Guyana native was making his ma stopped the fight. The 31-year-

Hearns became the 12th man to

win world titles in three weight

classifications and the first since

1985, when Wilfredo Gomez won

his third title as a junior lightweight. Hearns, 44-2 with 37 knockouts, has lost only to Sugar Ray Leonard and Marvelous Marvin Hagler. Andries, who won the title on April 30, 1986, in London in a decision over

J.B. Williamson, is 28-7-2 with 17 knockouts. He had won 15 consecutive fights going into Saturday's

Esparragoza WBA Titlist Antonio Esparragoza of Venezu-cla defeated Stevie Cruz on a 12thround technical knockout to win the World Boxing Association featherweight title Friday night in Fort Worth, Texas, The Associated Press reported. Cruz was making

his first title defense of the crown

he won last June 13 by upsetting

Barry McGuigan in Las Vegas. Esparragoza, who had been rated the WBA's No. 1 contender, stopped Cruz with a flurry of punches. Already well ahead on points, he sent Cruz reeling twice in the 12th before the referee stopped the fight at 2:28 of the round. The first knockdown came moments after the fight was halted so a doctor could examine Cruz's swollen evelids. After the fight, Cruz could see only through a tiny slit under his

left eyelid. Esparragoza improved to 25-1-3 with 14 knockouts; Cruz is 27-2.

National Basketball Association Standings

STEWART TO THE BASTERN CONFERENCE -Boston Noshington Millodelphilo tic Division W L Pct. OB New York Harrier Jersey Castral Division

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38 21 ASS —

38 34 ASS 7

28 12 ASS 7

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FRIDAY'S RESULTS 36 25 25 25—111 36 25 25 25—132 35 45 36 21-452 McHole 16-203-535, Alinge 5-153-320; Coge 8-MCPORP 16-203-3-35, Ampre 9-13-3-2-20; Cose 9-45-5-21, Beniemin 10-15 1-1 21, Gordon 6-10-2-2 5, Rebounds: Clippers 49 (Cose 10); Beston 1 (Parish 9), Assists: Clippers 28 (Drew 11); oston 44 (Johnson 16).

Wikins 5-167-11 17, McGes 7-13 2-3 17, Willia5veucins 5-167-11 17, McGen 7-137-117, Willia 5-J 6-6 16; Whorindge 6-17 6-6 18, Colemon 37-4-J. Rebounds: Attento 42 (Koncot: 9); New orsey 48 (B. Williams 11), Assids: Attento 14 G. Williams 6); New Jersey 13 (R. Williams 6). 24 25 24 34-113 33 25 35 39-123

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Robinson 11-24 4-6 26. Cheeks 10-15-4-24; M.

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Johnson 13-21 2-3 28. Laimberr 10-18 4-4 24;

p-lette 6-15 12-14 25. Blockman 9-22 4-4 22.

| Laimberr 181. Assists: Dollas 21 (Harper 18).

Milwookee 36 32 31 2e—123 Maions 73-17 10-12 34, Scurry 5-6 11-13 21; Silums 3-124-620, Pressey 6-8-0-9 12, Pierce 7-17 4-6 18, Rebounds: Urtin 49 (Mations 11); Mil-woukee 70 (Sikmo 15), Asishs: Urtin 20 (Stockton 8); Milwoukee 27 (Pressey 16), 27 22 23 32—119

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(Thorpe 8-15); Son Aniholio 46 (Greenwood,
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Son Aniholio 39 (Sundvold 12).
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Davis 16-25 46 26, Humphries 6-16 7-6 19;
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50 (Pinckney, Adams 5), Assish: Socramento
8 (Thouse 9); Phosekx 31 (Hamphries 31) 26 (Thous 9): Phoenix 31 (Humphries 71).

7); New York 23 (Henderson 8). 23 37 34 28—124 21 24 25 36—129

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National Hockey League Standings

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»-Coigary x-Winnipeg Los Angeles

Edmontes 4 2 3--9 Tikkonen (20), Kurri 2 (44), Messler (30), Tikkomen (20), Kurri 2 (41), Measter (20), Anderson 2 (20), MogTovish (17), Ruston-latinen (1), Gretzky (56); Erickson (17), Ni-cholis (24), Boorne (17), Shots on seel: Los Anceles (on Fubr. Mooy) 54-14—22; Edmon-ton (on Jensen) 15-9-11—25. Southhard Conference

ion) 11-7-12-30

Ga. Southern 70, Ark.-Little Rock 62 Stetson 72, Houston, Soptist 66 Championship Ga. Southern 49, Statson 46

Hetro Conference First Round Memphis St. E. Cinci Wyoming 77, Texas-El Paso 74 Championship South Carolina Sé. Fiorido Si S. Mississical El. Vicaleta

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Cleveland 27 22 37 32-118
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LA. Lakers 52 24 37 32-128
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Harper 10-24 7-8 27, Price 9-12 8-0 12, Rebeneda: Cleveland 42 (Harper 9); Los Anseles 42 (Warthy, Johnson, Rombis 8). Assists:
Cleveland 28 (Harper 7); Los Angeles 32
(Johnson 17). SATURDAY'S RESULTS

Housted 32 27--115
Seatite
Chambers 9-16 10-10 29, McDoniel 12-21 3-4
27: McCray 9-11 2-4 20, Petersen 9-16 1-2 19,
Olo Liwen 7-17 5-6 19, Reid 9-23 3-4 19, Rebessels: Housten 44 (Olo) wwon 91; Seattle 48
(McDoniel 91, Assists: Housten 22 (McCray
8): Seattle 24 (McMillion 11).

28 (Thous V/) Final 24 23 18 23-55
LA Chippers 34 29 25 23-115 34 29 29 2 New York Ewine 10-14 8-10 26 G. Wilkins 9-20: Dailey 7-15 6-6 20, Copp. 1617 New York Los Angeles 42 (Case To): New York SI (McNealy?). Assists: Los Angeles 17 (Gordon

Cummings 10-13 6-8 26. Luces 11-13 3-6 25; Long 12-21 3-4 25, Tuddle 9-12-4 22. Rebounds: Allwookee 43 (Cummings 13), Indiana 36 (Wil-itams 10). Assista: Allwookee 18 (Pressey 6, 14 (Stignovick, Fjemling, Long 5). 27 34 22 31—114 29 17 17 35—102

27 24 23 23-77 High 36 29 24 33—122 Attention 37-16 8-9 34 Wilkins 10-32 10-11 30; Willis 13-16 8-9 34 Wilkins 10-32 10-11 30; Willis 13-16 8-9 34 Wilkins 10-32 22 22. Re-34 29 24 33—122 WITHS 13-16 8-4 34, WIRENE 19-32 10-11 30; Mesione 9-17 7-11 25, Griffith 9-18 2-7 20, Roboness: Utah 42 (Malane 10), Attente 40 (William 15), Assistas Utah 26 (Stocklon 8), Attanta

Morrow (2), Kramm (10), Shots on soci; Ne

Hruday, Smith) 7-12-8-21 Hew Jersey Wilson 2 (14), Presiev (27), Mylund (7); Lol-Wilson 2 (14), Presiev (27), Mylund (7); Shehs Wilson 2 (14), Presery (27), Hymne (7); Lor-selie (13), McNob (7), Chernomoz (2), Shels on sool: Chicago (on Billington) 13-7-5—25;

41 26 5 87 307 222 38 27 2 78 261 241 25 25 7 77 237 228 25 25 8 58 263 278

Non (on Jensen) 159-11-33.

Westcouver 1 2 1-4

Skriko3 (24), Tonti (25); McPhee (11), Shots
as seed: Mantreol (on Bradeur) 13-3-29;

Wancouver (an Roy) 9-16-8-33.

Detroit St. Louis Gitmour 134), Federica (14), Romoge (5), Postowski (22), Cavallini (14); Hiegina (11), Yasranca (26), Stats on soci: De-Borr (12), Yzermon (26), Shots on soal: De-irolf (en Miles) 8-16-7-25; St. Louis (en Hen-Brest 1, Toulouse 2

Affinoaselu
Lemieux 2 (45), Laney (31, Curneyworth
(25), Hannon 2 (10), Quirm (34); Graham (23), Ciccornill2 (50). Shots on good: Pittsburgh (on leaupre, Takko) 13-13-19-36; Minnesota (an Heloche) 9-13-8-30.

12-4-36. N.Y. Islanders

Tereste 1 8 1—7 Thomas 2 (28), Courtnell 2 (24), Volve (28), Clark (29), Thomas (28), P. Hnecsk (10);

Tennis (A) Key Biscovet. Findin) WOMEN Singles Flooi Beeff Gref (2), Wast Germany, def. Evert Lloyd (2), U.S. 6-1, 6-2.

AEN Singles Semificals Ivan Lendi (1), Czechoslovakia, def. Jimmy Cannors (6), U.S., 34, 74 (9-7), 74 (11-9), 42. Mileslav Macir (9), Czechoslovakia, def.

World Cup Skiing MEN'S DOWNHILL (At Aspen, Colorado 3. Kart Alpiger, Switzerland, 1:48.04. 4. Michael Mair, Italy, 1:48.57. 5. Marc Girardelli, Lux 6, Action Steiner, Austria, 1:48,92, 7, Helmul Höllehner, Austria, 1:49,92,

10, Felix Belczyk, Canada, 1:49,17. MEN'S OVERALL STANDINGS 1, Pirmin Zurbriggen, Switzerland, 294 2. Morcus Wasmaler, West Germany, 174 2. Marcus Wasmaler, West Germany, 1.
3. Joel Gaseez, Switzerland, 145.
4. Macc Girardelli, Lutemboura, 140.
5. Ingemer Stemmark, Sweden, 134.
6. Richard Premation, 18th, 17t. 7, Kuri Aipiser, Switzerland, 27, 8, Bolon Krizal, Yugaslavia, 85.

Exhibition Baseball FRIDAYS DESILTS

N.Y. Yorkses E. Atlanta 1 Nippon 1, Pffsburch 9 Takas 5, Defroit 1 Texas S. Derron
Chicogo 10. Milwoukee (ss) 7
San Diego 4. Colifornia 2. 71 (nainge
Akitwoukee (ss) 13. San Francisco 2
SATURDAY'S RESULTS N.Y. Yorkes & Baltimore aburgh & Chicago White Sox 1 adelphic C. Toronto 9 (8½ ioninga, rain) Kansos City (st) 7, Texas 6 Konsos City (ss) 10, Nip

American League
KANSAS CITY—Signed Denny Jackson,
hitcher, and Danny Tortebull, putfielder, to
me-year contracts. MILWAUKEE-Signed Teddy Hipuero

TEXAS—Signed Original Mercado, calcher; Dave Owen, infielder, and Mitch Williams and Mike Laynd, pitchers, to one-year con

HOCKEY National Hockey League
LEAGUE—Pined the Socion Bruinsond the
Quebec Hardiques a total of \$22,000 for a Dawson Accepts Low Offer From Cubs TAMPA, Florida - Andre team's clear self-interest has reap additional salary. Dawson, one of eight premier free agents who have gone without jobs and virtually without offers, told drive star free-agent players back agents had come to signing was the Chicago Cube last week that he to their former teams," Moss said when Lance Parrish agreed to a \$1 and virtually without offers, told

Dawson, 32, will receive a guar-

list with a knee injury before the file a grievance. The other free named a salary of \$650,000, with \$500,000 of it guaranteed. All-Star break. The contract also agents in the category are Tim The higher figure represents a 38 includes award bonuses. percent out from the \$1,055,000 Dawson, who had just completthat Dawson, a 12th-year outfielded a six-year, \$5.38 million contract cr, made last year with Montreal. with Montreal, rejected a two-year. The Cubs' action was the first

Richard Moss, said Friday that the anteed \$500,000 plus an additional

Cubs had accepted that offer and \$150,000 if he is not on the disabled

Dawson had made it clear that ent solid front by all the major he preferred to play for the Cubs. He hits well at Wrigley Field and league clubs against signing the free agents who chose not to re-sign with their 1986 teams by last Jan. 8. the park's natural grass surface is The clubs' action had prompted the easier on his injury-plagued knees. the Cubs' definition of fairness latest grievance by the players' Dawson will be eligible for salary union charging the owners with vi- arbitration next year, and he could

\$2 million contract from the Expos.

"We are pleased that the combination of public opinion, the influence hearing the conspiracy grievance ence of the Cubs' players and the rules in the player's favor, he could changed the program of trying to The closest any of the eight free

million contract with the Philadel-

phia Phillies but refused to sign a

provision waiving his right to sue

anyone in baseball management or

Raines, Rich Gedman. Ron Guidry, Bob Boone, Bob Horner and Doyle Alexander. Moss said that Dawson had offered to sign for whatever terms the Cubs considered fair and appropriate, bearing in mind their knowledge of the salary structure in baseball and their knowledge of who Andre is. We had hoped that

would have been more realistic than it is, but our offer was unconolating the collective bargaining argue that this year's salary was an ditional and we will, of course, honagreement by acting in collusion. aberration stemming from the al- or our commitment."

By Aljean Hannetz New York Times Service

T OS ANGELES — The ranch house

inn is separated from the freeway by a low wire fence and a narrow strip of night, struggling to breathe, he can almost reach out and touch the herd of Colts and Mustangs that is inexorably

plunging past.
Once he made his movies in Kyoto, Tobago, French Equatorial Africa, the Belgian Congo — thriving on malaria, amoebic dysentery and sunstroke. Now he is living in a motel at the edge of a freeway and making a movie - the 40th movie he has directed in 46 years - in a warehouse in Valencia on the outskirts of Los Angeles. He can breathe by himself for only 20 minutes at a time. He sleeps, dreams, has a nightly jolt of tequila and plays backgammon for \$5 a point teth-ered to a plastic umbilical cord and a

tank of oxygen.

John Huston is 80 years old. Age and emphysema have reined him in. He raises his hand and shakes the white plastic tubing that leads from his nostrils over his ears, down his chest and, in loops and coils, to a squat brown metal machine 25 feet away. "I curse this all the time. The fates have finally put a very barsh bit into my mouth. I don't like any part of being bound. But I've never discovered an answer to that old question of what does freedom really consist. If you aren't fettered by one thing, you're fettered by another. I'm not hungry or thirsty. I'm not lovelorn. I'm just at the end of a piece of plastic tubing. And we're all hostages in one way or another."

But the transparent cord triggers another image too - an astronaut, intrepid explorer free-floating in liquid space. A few years ago, says his 36-year-old son, Tony, "Dad was asked to what he attributed his longevity." "Surgery!" he roared. If he cannot have life on his own terms, he will take it dented, slightly

soiled or marked down. It is 11 A.M., and John Huston is scated in a wheelchair on a platform of raw wood, staring at a television monitor. On the screen, gentlemen in tail suits and tuxedos, with wing-tipped collars and boiled shirt fronts, dance with ladies in Maltese lace and velvet skirts that brush the floor. It is 1910. Dublin, Ireland. Outside the windows, snow is failing. Why has he chosen to make a movie of

"The Dead," a short story by James Joyce in which the most momentous thing that happens is that a middle-aged, well-meaning husband learns how little he knows the woman who shares his bed? dirt. When John Huston wakes in the All movies are part luck and part accident, and "The Dead" began with a casual discussion four years ago in Mexico.

"We were preparing the script of 'Un-der the Volcano,'" says Wieland Schulz-Keil, co-producer of that movie and this one. "We talked about how few pieces of great literature deal with marriage, rather

than extramarital triangles."

There was, too, an attachment to Joyce that started when Huston was 21, on his honeymoon with the first of his five wives. "One of the ways we celebrated that honeymoon was my wife reading 'Ulysses' aloud," Huston says. "The book was banned. My mother had brought it back from France. I can still see the blue paper cover.

And he also had a desire to see Ireland again, Galway where he had been an Irish gentleman for 20 years, siring children and drinking and riding to hounds and disappearing to make movies and reap-In the end, going to Ireland was be-

yond his strength, so Dublin was brought to him. In Valencia, he has re-created a house that belonged to James Joyce's great-aunts.

It is tempting to see Huston as the ruined king Lear, with his daughter Anje-lica, who stars in "The Dead," as Cordefia and his son Tony, who wrote the screenplay, as steadfast Edgar. He looks the part. Long ago, his face was eroded into tidges and valleys, sculpted by rain and sun and hard living.

And there are parallels. Sitting rigidly in his wheelchair, he is surrounded by

courtiers. He coughs, and one presses a can of soft drink into his hand. They stand at his back, sit at his side, alert to the smallest question in his eyes. There is a tangible sense of pride in serving this particular master: John Huston, the director of "The Maltese Falcon," "Treasure of the Sierra Madre," "The African Queen." "The Asphalt Jungle," "Moulin Rouge." Tony, who spends the day curied in a chair less than a foot away from his father, has rounded up old friends for comfort, including the art director Stephen Grimes, who has worked on 12 other Huston films. Tony has even badgered the three-time Acade-



Actor looks on as Huston discusses camera angle with director of photography, Fred Murphy

my Award-winning costume designer Dorothy Jeakins out of retirement.

"Is that all right for you, John?" Instead of answering, Huston lurches to his feet and walks to the end of his tether, into the parlor with its amber hardwood floor, to make a quiet suggestion to an actor. Under the silence that falls suddenly upon the stage—it is the first time Huston has been on his feet in days.

If it is tempting to think of John Huston as Lear, it is also inaccurate. He lacks the necessary rage and self-pity. "All the time I was growing up, I couldn't imagine him buying even a tube of toothpaste for himself," says Anjelica Huston. "Taking care of him was a fulltime job even before he was sick. Somewhere along the line he's become more human, more accessible. Now he is gentler and more emotion-

ally generous than he ever was." "Only because I treat her as an actress rather than a daughter," Huston responds sardonically. He refuses sympathy, although he does give one quick sigh that, having seen so much of the world, he will never walk in China or Antarctica. If "The Dead," like "Under the Volcano" and "Prizzi's Honor," has death as its canvas, it is not, he says, "because of the approach of the gray figure. I am not casting lines in expectation of death hauling me in."

Sometimes, in the late afternoons,

John Huston gasps for air, racked with the spasms and disbelief of a fish that finds itself stranded on an unexpected shore. He seems frail then, bony shoulders twisting under his white silk shirt, hands trembling. What is surprising is how strong he seems at other times, his rich, whisky-thick voice booming across the set. In some bizarre way, as his con-trol over his body is lost, his mind and

memory have remained as sharp as ever

and become more perfect tools. The intricate mosaic of "The Dead" is roadmapped inside Huston's head. The director of "The Roots of Heaven" in Equatorial Africa with temperatures rising to 140 degrees says he has never done anything so intricate, so difficult as "The Dead," a movie that takes place with an ensemble of 15 people at a party in a single evening. "It's the difference between piecework and weaving," he says. There is no measuring from the beginning of a scene to a new scene. The top spins and never stops,"

When Schulz-Keil ordered 75,000 feet of film stock, his supplier insisted he would need 300,000 feet. But Huston is so confident of his vision that he shoots sparingly. Huston improvises, and the first angle he chooses dictates the rest. With a week and a half left to go, be has shot 57,000 feet and has 80 percent of the movie completed. He is on schedule despite the fact that he can only work six hours a day. His first cut of the movie will be completed four weeks after the last day of production, and the film should open sometime in the antumn.

Why does he continue to make movies? How can he come up with childish enthusiasm for every camera movement and line of dialogue?" asks Schulz-Keil. "Why does a painter keep on paint-ing?" Huston asks. "Painters retiring?

"Left to their own devices, his doctors would advise he never leave the hospi-tal," says Anjelica Huston. "But he's no fool. He knows all this keeps him going. It's when he's idle and bored that we have

to rush him into intensive care." Testily, Huston waves the idea away. "It's a cliché. I get no immediate satisfaction from directing. It doesn't gratify me in depth. When it's a good picture, it affords me satisfaction but not delight."

"You don't get the feeling his infirmity makes a wall," says Dorothy Jeakins. "He's conquered it by personal gallantry toward himself. Instead of quietly going off to die, how free he is of all the vanities of delik life." of daily life."

"It's sheer variety that would keep you from showing yourself in a wheelchair," Huston sports. "I don't give a damn. Someone who prefers to stay home rather than go through the rooms of a museum in a wheelchair is useless."

EMPLOYMENT

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LANGUAGE

Spuds and Spec-Tators

By William Safire Was, lying on my back, bubble gum wadded in my cheek, a copy of "Sheena, Queen of the Jungle" held before my deiciously shocked eyes, ready to yell the favorite counc-book sound, "Aleeeeel" as the muscular maiden pounced on some imsuspecting leopard, when my mother appeared at the doorway to pronounce the awful imprecation: "Lounge lizard!"

This meant I was being told to go out and get some fresh air, or get a job, or do something otherwise active and edifying. I did not realize it at the time, but lounge lizard way a phrase coined around 1912 to refer not to the merely lazy but to the stingily lascivious: the person being derogated was a young cheapskate who tried to pet in a girl's parlor without first taking her out and

later, second meaning of one who

American Banker as featuring such groups as "the All-City Waitress Band and the World-Famous Couch Potatoes."

Within a few months. William E. Geist was writing in The New York Times about the interweaving of baseball, football, hockey and basketball to form "an almost impene-trable shield of sportscasting" and gave definition to the phrase: Those who try to penetrate that shield say that the viewers, sometimes known as couch polatoes have long since changed from hu-man beings to receiving compo-nents of the broadcasting system." Robert Armstrong, a leader of

LEGAL SERVICES

UNIVERSITIES

the California-based group of his itself by this name, was quotiently. The Associated Press in 1982 as seeking to "assume the guilt of fellow addicts" by glorifying pinking of the entropy. Postsoes are inbers. They have many tyes, if came to us in a cosmic revenue. Soon an Official Couch Potato liend book was insued by Jack Mingot including. M*A*S*H. Prismos (those addicted to sophisticated situation comedies) and Spec Tales ("your basic dirith beer-and watch-football-till you pass out types"). A ladies amuliary was reported formed by 1985, the Couch Tornatoes, and by 1986 the term could be said to have become as neric for a stapefied book one watcher.

WHEN Indiana Senator Rich springing for a sode and a movie.

Synonymous phrases were parlor smake and chairwarmer, but the alliteration and z sound in lounge he circulated a letter to his confidence, second meaning of with the leagues recalling his record reference. leagues recalling his record of con-structive service as chairman when

watcher.

tive noum (a noum modifying another noum) resurfaced in the 1980s and is now sweeping the dens and rec rooms of America: couch potata.

"The Doo Dah Parade" was described in a Dec. 30, 1980, dispatch from Pasadena, California, in the Noisy is also spotted in the Latin nausea but affects only the cars.) To be fair, winsome does men winning in the sense of "to win one's affection," but not in the vistorious sense, as in "to win an ele-tion." The old Anglo-Saxon was now meant "pleasurable, lifting the spirit, giving joy to the helicider." and that is still what the word means today. A ballpark synonym as Hertzberg suggests, is add a though that word, like losable is

rarely applied to a male. Lugar can claim that his sinite is winsome, which it is, but his leader ship cannot be described with that

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